

CONFIDENTIAL

(12833)

FURTHER CORRESPONDENCE

RESPECTING

P E R S I A

PART XVIII

JANUARY TO JUNE 1925

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Further Correspondence respecting Persia.

PART XVIII.

No. 1.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 1, 1925.)

(No. 327. Very Confidential.)
(Telegraphic.)

Tehran, December 31, 1924.

A MOVEMENT has been worked up during the last few days for a crowd to stop Prime Minister's carriage on his imminent return here and insist on taking him to palace to be crowned Shah. I do not think Persian Government are privy to this, nor am I convinced that anything of the sort will happen, but in this country one can never be certain.

It is significant that Persian divisional commanders in the provinces have been secretly warned of probable impending changes in internal and foreign policy. Their previous instructions were to pave the way for a republic. These are now suspended.

(Sent to India.)

[E 82/82/34]

No. 2.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 5, 1925.)

(No. 566. Secret.)

Tehran, December 10, 1924.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 48 for the week ending the 29th November, compiled by the military attaché to this Legation.

I have, &c.
(In the absence of the Minister).
E. MONSON.

Enclosure in No. 2.

Intelligence Summary No. 48 for Week ending November 29, 1924.

(Secret.)

Astarabad.

1. Corroborative information has been received from more than one source of the report that Osman Akhund, the Turkoman leader, had come to terms with the military authorities in Astarabad, who have recently been dealing with the Turkoman chiefs in a markedly conciliatory manner. Several of the chiefs, including, it is said, Osman Akhund himself, have agreed to accept payment for the maintenance of bodies of horsemen under their own leadership for Government service.

In spite of this, raiding in both the Astarabad and Khorasan provinces has not ceased, and is now spreading to Mazanderan. Several minor raids on the coast villages have been carried out by sea.

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B

Mazanderan.

2. It is reported that 500 Georgians have been engaged by Khostaria for work in the forests of Tularud.

Gilan.

3. It is reported that two Junker aeroplanes arrived in Enzeli on the 25th November. These belong to the Junker Company, and are probably intended for the Enzeli-Baku service, should it materialise.

Azerbaijan.

4. Reports from Tabriz, Urumia and Khoi of the first fortnight in November, recently received, all indicated movements of troops towards Sauj Bulagh. Many rumours were current as to the reason, but great secrecy was observed by the military authorities.

At the same time, summonses were sent to the Kurdish chiefs of the tribes on the west, south and east shores of Lake Urumia to collect their men at Sauj Bulagh about the 10th November. Previous to this, four of the more important chiefs had been taken as hostages and sent to Tehran.

No accurate report as to the numbers of troops and tribes concentrated is yet available. Information from a fairly reliable source puts the number of troops at 3,000 and of tribesmen at 1,200.

It is, however, now established with reasonable certainty that their immediate destination is Kermanshah.

In last week's summary it was reported that the orders for the move southward of troops from the North-West Division had been held in abeyance. From the above it appears that fresh orders must have been issued almost immediately.

5. An article in a Constantinople paper contains the account of an interview between Simko and the Vali of Van, in which, according to the translation received, Simko is reported to have said that, although the British had offered him every assistance, he did not want to be a traitor like Sayyid Taha, and wished to assist the Turks to recapture Mosul. He added that the majority of the Kurds preferred Turkish rule to autonomy.

It is again reported that Simko holds an official position under the Turkish Government.

The Persian Government continue to press the Turkish Government for his removal to a safe distance from the frontier, as he is a continual menace to the peace of the border.

Recent information shows that the Turks have become suspicious that Simko is in communication with the Russians.

6. As a result of persuasion by the General Officer Commanding the North-Western Division, a number of Shahsevan horsemen were brought into Tabriz, where they paraded in the main square and asked to be allowed to go to fight the Sheikh of Mohammerah. They were addressed by the General Officer Commanding, who thanked them for the self-sacrificing patriotism that had brought them voluntarily to place their services at the disposal of Government, and told them that they might return to their homes, as Government were able to deal with the situation.

7. Increasing discontent, which has not yet reached serious proportions, is being created in the province by the conscription by the military authorities of labour for the construction of barracks and roads and by the imposition of practically compulsory subscriptions on the better-off classes for the same and other purposes.

Kermanshah.

8. A report, dated the 8th November, from His Majesty's consul at Kermanshah states that the local Member of Parliament had recently arrived and had been charged with the mission of reconciling the Vali of Pusht-i-Kuh with the Prime Minister, of detaching him from the sheikh and of getting him to commit himself to the Government by providing 500 men, who would not be required to give more than moral support to the Government troops in Luristan. To achieve this end, he was authorised to make very wide promises to the Vali, and, to strengthen his hand, 1,000 troops were moved from Luristan to Kermanshah (see paragraph 6 of Summary No. 46), ostensibly in order to control the Kalhur tribe, but really to bring pressure on the Vali and at least prevent him from despatching contingents to the south to co-operate with the sheikh.

No further information has yet been received from Kermanshah, but a theory which would account for the despatch of troops and tribal levies from the North-

Western Division to Kermanshah (see paragraph 4 above) is that the Member of Parliament failed in his mission and that it is now intended to secure the Vali's submission by force.

Tehran.

9. The opponents of the Prime Minister in Tehran are very active, and they are inclined to be hopeful that any settlement of the Arabistan question will result in his embarrassment. A settlement in accordance with British wishes will expose him to the charge of having allowed the British to interfere; a settlement on other lines will, they hope, result in the loss of British support.

10. The Russians are carrying on vigorous propaganda in favour of the complete occupation of Arabistan and against the granting of lenient terms to Sheikh Khazal. Rumours are current that they have informed the Persian Government in threatening language of the effect that any yielding to British interference would have on Russo-Persian relations.

11. Much excitement has been caused in the town and among members of Parliament by rumours of the presentation of notes by the British and Russian Legations regarding the Arabistan situation. A common version of the Russian note is that the Persian Government has been informed that the Soviet Government has ordered the concentration of two corps of Russian troops on the Persian frontier for the assistance of the Persian Government in the event of the present trouble extending through the west to the north.

12. Much pro-military propaganda is now being carried on by the Military Governor. Committees have been formed in Tehran of officers of each of the regiments at the front, assisted by a few civilians, to organise the despatch of comforts to the troops.

The Red Lion and Sun Society is also appealing for gifts for the same purpose.

13. A very strict censorship has been imposed on all postal matter between Tehran and the south and west.

14. Two hundred employees of the Ministry of the Interior and forty-five of the Ministry of Justice went on strike on the 29th as a protest against the non-receipt of pay for several months.

15. The Ahmadiyah Regiment, which for a time was rechristened the Rezapur, has resumed its previous title, owing to the discontent of the rank and file at the substitution of the Prime Minister's for the Shah's name.

16. The "warship" "Pehlevi" (see paragraph 13 of Summary No. 41), which, according to the Persian press, has been armed in Naples, is expected to arrive in the Persian Gulf early in December.

17. Work on the erection of the main wireless station in Tehran has begun. It is being erected at Kasr-i-Kajar, 3 miles north of the city.

18. With reference to paragraph 13 of Diary No. 45, the Chief of the Staff states that no definite agreement has yet been come to between the Persian Government and the Junker Company regarding the aerial postal service between Tehran and Baku.

19. The Russo-Persian Post and Telegraph Convention has been submitted to the Majlis for ratification.

20. The Russo-Persian Bank announces that its capital is 5 million gold roubles. It claims to have representatives in London, Bagdad, Bombay and Karachi among many other places.

21. M. Shumyatski is expected to arrive in Tehran in the near future.

22. Mirza Hussein Khan Alai, lately Persian Minister in Washington, has arrived in Tehran and will take his seat in the Majlis.

23. Amir Jang, the ex-Ilbeggi of the Bakhtiari, has arrived in Tehran.

24. The four Kurdish chiefs referred to in paragraph 4 above arrived in Tehran on the 25th November. They have since left for the south and are taking a jewelled dagger for presentation to the Prime Minister.

25. The press publishes the following announcement:—

"Discussions between the Afghan and Persian Governments for the construction of telegraph lines in Afghanistan by Persians have ceased, as the Afghans have entered into negotiations with some foreign companies."

26. Extracts from the Tehran press of the 25th November commenting on (a) the situation in Egypt and (b) British action regarding the Zinoviev letter are given in Appendix II.

Arabistan Situation.

27. The Prime Minister arrived at Bushire on the 25th and proceeded to Bunder Dilam on the 26th. Previous to his departure he issued a communiqué, which was published in the Tehran press, that as Sheikh Khazal had not accepted his invitation to come to Shiraz he was proceeding to the front to lead the advance on Mohammerah (see Appendix I).

28. No further advance into Arabistan has been made by Government troops. The reinforcements from Isfahan (see paragraph 31 of last week's summary) are now reported to have left Isfahan about the 12th November for Behbahan and should now be near that place. Further indefinite reports have been received of an advance from Khorremabad towards Dizful.

29. An aerodrome has been constructed at Bunder Dilam and a Breguet and a Junker aeroplane are now there and have been used for reconnaissance

Kerman.

30. His Majesty's consul at Kerman reports on the 26th November that the Governor-General of the province had complained to Tehran of the provocative intrigues which were being carried on by the Russian consul, and had asked for the support of the Prime Minister in putting an end to them.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, November 29, 1924.

APPENDIX I.

Article in the Newspaper "Shafagh-i-Surkh," dated November 25, 1924.

The following telegram has been received from his Highness the Prime Minister addressed to the general headquarters of the army:—

"To General Headquarters of the Army.
"As you are aware, my intention when leaving Tehran was to proceed directly to Khuzistan. On my arrival at Shiraz, which coincided with the receipt of the telegram from Khazal expressing his allegiance, I returned an answer demanding his complete surrender, for I had resolved to send the sheikh to Tehran and proceed myself, without fighting and shedding blood, towards Khuzistan. The delay of the receipt of any answer to my proclamation does not necessitate my further stay in Shiraz, therefore I will proceed to-day from Shiraz to the front in order to advance with the column towards Mohammerah.—REZA, Prime Minister and Commander-in-chief of the Army."

APPENDIX II.

Extracts from the "Shafagh-i-Surkh," dated November 25, 1924.

(a.)

The assassination of the British commander in Egypt and the fall of the Cabinet of Ismet Pasha will both surely produce important changes in the policy of the East. The harshness of the British Government towards the Egyptian Government and the opposition of the Liberals of that country will surely increase, and it is probable that the result will be that Egypt will again go under British protection. It is then to be asked if the Liberals and patriots of that country will stand still, since they embraced their independence so recently with a bloody hand and fiery heart. Considering the ardent feelings of the educated youths of that country it cannot be admitted that the Egyptians will stand still in these circumstances or allow the chains of slavery to be fixed to their necks. But it can be prophesied that the extreme oppression and pressure will result in the explosion of the hearts of the nations who are opposed to the colonising policy, and perhaps Egypt, India, Mesopotamia, Palestine and other countries, which are like chickens in the claws of the British Government, will rise and run into another danger, which appears from the Russian lands.

The inhabitants of Egypt will probably embrace Communist traditions and will fight against the British with that weapon.

The Egyptians have secured their independence by assassinating the British and they may adopt the same policy now in order to stabilise their wavering freedom.

(b.)

In the news published yesterday there was a matter to which the Persians probably have given no attention, but which is of great importance to them. This was the note given by the British Government to the Soviet Government in which the truth of the letter published by Zinoviev in England was proved, and the Russian Republic was advised to renounce Communist propaganda in Asia. It can be gathered from the above-mentioned news that the British Government is embarrassed and irritated by Bolshevik propaganda in the East. The non-co-operation of the present British Conservative Cabinet with the Anglo-Russian Treaty was also reported in yesterday's news; therefore it may be understood that the British Government will consider the treaty as non-existent and will neither have it signed by the King nor ratified by Parliament.

Though it may seem that the mutual hostility of the two powerful Governments (British and Russian) is an advantage for the maintenance of the independence of Persia and that their agreement would be dangerous for feeble countries in which they have interests, yet we are of the opinion that from the point of view of the real interests and characteristics of Persia this hostility will be the cause of our downfall, because the intriguers and deceivers will have a chance for their seditious intentions. With the present poverty and feebleness of Persians and their corruption, we cannot prophesy what will be our fate in this mutual enmity.

[E 86/86/34]

No. 3.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 5, 1925.)

(No. 570.)

Tehran, December 15, 1924.

Sir,

ON the 11th November Mr. Ovey reported in his telegram No. 292 that Dr. Millspaugh had tendered his resignation, and that the Minister of Finance was endeavouring, in the absence of the Prime Minister, to prevent his departure and that of his mission.

His Excellency Zoka-ul-Mulk appears to have been successful in persuading Dr. Millspaugh to remain until the Serdar Sepah returned from South Persia, but it is evident that the elements in the Majlis and the various Government Departments which are not satisfied with the American régime do not intend to drop their campaign or to let matters run smoothly for the advisers.

You will be aware from the copy of the seventh quarterly report of the Administrator-General of the Finances, which was sent under cover of my despatch No. 545 of the 18th November last, that Dr. Millspaugh is disturbed at the failure of the Majlis to pass the budget for the current year, and allusion is made to the dislocation which is being caused in the various administrations by this procrastination on the part of the National Assembly and its insistence on a monthly sanction of one-twelfth of the total appropriation for each Government Department only. In part the Majlis is certainly continuing this system so as to protect it from dissolution by the Prime Minister as soon as the necessary amounts for the year's expenses had been voted—a line of action which the minority party at all events believe that his Highness would certainly have pursued some time ago had they not hit upon this happy method of prolonging the life of the Majlis, since Dr. Millspaugh refuses stoutly to pay any sums not sanctioned by the National Assembly.

The fact of the matter is, however, that certain Ministries, and particularly the Ministry of Posts and Telegraphs, prefer this piecemeal allocation of funds, which permits them to spend their own revenues instead of turning them into the Ministry of Finance, as desired by Dr. Millspaugh. To the system of centralised expenditure and receipts set up by the Americans this delay is, however, disastrous.

Hand in hand with the less honest members of the Government administrations and actuated largely by the demands of the Americans on their private pockets for the payment of past dues or American disregard of the largely usurped privileges of the ruling class, a section of the Majlis has commenced organised obstruction of all budget appropriations in the Assembly.

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B 3

The chief cry raised, and one which, curiously enough, echoes the private statements of the present Minister for Foreign Affairs, his Excellency Mushar-ul-Mulk, is that the collection of revenues is swallowing a disproportionate percentage of the revenues themselves under American administration. Even admitting that a sum of 3,000,000 tomans in administrative expenses for the collection of approximately 8,000,000 tomans of revenue is a large amount, the net revenues collected show an increase over the period previous to the American régime. The incorrectness of the second accusation made in open session, to the effect that the expenses of the Ministry of Finance had increased under American supervision, is proved by the attached translation of Dr. Millspaugh's rejoinder, which was published in the local press. It is not, however, clear whether the figures include the salaries of Dr. Millspaugh himself and of his American assistants.

At the present time a vigorous attack is being directed against the appropriations for the different Ministries, but particularly those which are under American control or which have been introduced by the advisers. Caspian fisheries, iron oxide royalties and road tolls are typical instances, but the debates are purely negative or else filled with impossible suggestions for the immediate reform of the country's financial system and the introduction of a general millennium by any other means than those now being employed.

The income tax law proposed by Colonel McCormack is in particular singled out for every form of attack, as might well be expected owing to the apparent apathy of the Persian Government in the absence of the Prime Minister, and it is now doubtful whether it will pass the Assembly, although three months ago it did not appear likely that any considerable opposition would be offered to its passage.

It may indeed be doubted whether the Persian Government is not itself in sympathy with the attacks of the Deputies, since it is disappointed at the failure of the advisers to secure the long-promised American loan and their apparent inability to attract American capital to Persia.

The Prime Minister is said to find even the very moderate control exercised by the advisers over the finances of the Ministry of War (which is busily engaged in swallowing 55 per cent. of the country's official revenues without rendering any account of its expenditure to Dr. Millspaugh or to the National Assembly) irksome, and, if his private exclamations against Dr. Millspaugh are to be taken seriously, this last and greatest prop will have been taken away from under the feet of the advisers.

Organised clamour on the part of the Government employees, whose salaries had been reduced to make good the deficiency in the latest budget, has resulted in the reimposition of a minimum salary of 32 tomans a month for the lower grade clerks and other smaller employees; but this starvation wage is not conducive either to honesty or contentment among a body large in number and capable of making its voice heard in many ways.

The path of the United States advisers during the next few months is therefore not likely to be a smooth one, and the utter inability of any single member of the American financial mission to speak any Persian after over two years in the country has convinced a considerable section of the general public that the United States advisers neither intend to stay after June 1925, when their contracts expire, nor desire to work for the good of the country in general. Indeed, Persians are already asking what nation will take their place next year.

Copies of this despatch have been sent to the Government of India, to His Majesty's High Commissioner at Bagdad and to His Majesty's consular officers at Bushire and Meshed.

I have, &c.
(In the absence of the Minister),
E. MONSON.

Enclosure in No. 3.

Extract from the "Iran," dated December 1, 1924.

THE following report has been presented by the Ministry of Finance:—

The proposed budget of the Ministry of Finance for the year 1303 will be 4,000 tomans less than the total credits approved for the last year 1302.

Following statement shows the credit and the expenses of the Ministry of Finance for the past six years:—

Year.	Tomans.
1298	3,448,471
1299	3,884,682
1300	3,140,186
1301	3,533,000
1302	3,110,000
1303	3,070,000

These figures do not include the exploitation and road construction expenses.

The above figures represent the total expenses during the years in question, and are liable to future amendments. There has been no approved budget for the years 1298, 1299 and 1300.

The figure shown in the above table for the year 1303 represents the total credits proposed to the Majlis for the current year.

That there is no truth in the rumours that the expenses of the Ministry of Finance have increased in recent years will be seen from a study of the above figures.

[E 87/82/34]

No. 4.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 5, 1925.)

(No. 571.)

Tehran, December 15, 1924.

Sir,

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 49 for the week ending the 6th instant, compiled by the military attaché to this Legation.

I have, &c.
(In the absence of the Minister),
E. MONSON.

Enclosure in No. 4.

Intelligence Summary No. 49 for Week ending December 6, 1924.

(Secret.)

Gilan.

1. A hydroplane from Baku belonging to the Junker's Company arrived in Enzeli on the 4th December.

Azerbaijan.

2. It is reported in the press that "a few" locomotives have been purchased by the Public Works Ministry for the Tabriz Railway, and that the Russians have given sanction for their transport through Russia. (See also paragraph 22 of Summary No. 47.)

3. The Turkish consul-general at Urumia recently attempted to distribute among the Kurds photographs of Simko seated with honour among Turkish officers. The Persian Government regarded this as an attempt to increase Simko's prestige, and have ordered the confiscation of all copies.

Kermanshah.

4. A column, about 4,000 strong, composed of regular troops from the North-Western Division and Kurdish tribal levies, principally of Sauj Bulagh and Mukri, arrived in Kermanshah on the 29th November. It is locally reported that they are to be used for the subjugation of the Vali of Pusht-i-Kuh. (See paragraphs 4 and 8 of last week's summary.)

Tehran.

5. Political circles in Tehran are extremely busy and are greatly concerned at the reports of notes from the British to the Persian Government. Ministers have had to face stormy sessions in the Majlis, and an interpellation on the question of the British notes was threatened, but has been averted.

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B 4

An official denial of the existence of any such notes has been made by the Acting President of the Council.

The Majlis has been in a more truculent mood than it has recently dared to show, and some outspoken criticisms have been made of the Prime Minister and of individual Ministers.

6. Press comments on the political situation are given in Appendix I.

7. An urgent Bill was presented to the Majlis on the 2nd December by the Ministry of Finance asking for sanction for the payment of the balance of the War Office budget of 9,200,000 tomans for the current year in advance of the sanction of the whole budget of the country, which is still before the Majlis, in order to enable the financial adviser to meet the sums demanded by the Prime Minister for his operations in Arabistan.

The opportunity was taken by members of the Minority party to criticise the War Office administration: it was objected that no member of the Majlis had ever seen a detailed budget of the War Office; that there was no proof that the strength of the army was more than 20,000; and that, in any case, the War Office consumed an undue proportion of the country's revenues. A motion to reduce the budget to 6 million tomans was defeated.

The Government spokesman suggested that it was ungrateful to criticise military expenditure at this time, when Persian soldiers were laying down their lives in Khuzistan. He also assured the Majlis that the strength of the army exceeded 42,000.

8. A report to the effect that the Shah has informed the Vali'ahd of his approaching return to Persia, and has telegraphed to Mushir-ed-Dowleh offering him the Premiership, has been received from more than one source, but it is so obviously improbable that it is not accepted as more than a rumour set about for some political purpose.

9. The Soviet Legation have been working hard to create distrust of British policy. They are, for the moment, strong supporters of the policy of centralisation of control as a means of destroying British influence in South Persia.

On the 3rd December Apresov visited two leading mullahs, Imam Juma, Behbehani, and Iman Juma, Khoi, and endeavoured to persuade them to preach against the British. It is reported that he was not pleased with the replies he received.

10. Extracts from "Rosta" are given in Appendix II.

11. It is reported that the Soviet Legation have been pressing the Persian Government to allow the Soviet consul at Ahwaz to interview the Prime Minister before his meeting with Sheikh Khazal in order to persuade the former of the danger of British designs in Arabistan.

12. An individual named Farokhi, who has long been known as a journalist of pro-Bolshevik tendencies, and who was deported from Tehran in January of this year for criticising the Prime Minister in his paper, has opened a library in Tehran. He has received 300 tomans a month from Comintern since last June. He also regularly receives packages of Bolshevik literature by post and employs five Persians to translate these into Persian.

13. The general tendency of press comments on the situation in Egypt is to accuse the British Government of extreme harshness and of attempting to use the murder of the Sirdar as an excuse for reimposing all the limitations of the protectorate.

The "Shafagh-i-Surkh" of the 2nd December says that the British Government has returned to its policy of forty-two years ago.

The "Mihaan" of the 4th December, in a leading article headed, "British Policy in the East," says that, although a change of policy was anticipated with the advent of the Conservative Cabinet, it was hardly expected that for the sake of facilitating their plans the British Government would go to the length of causing the death of one of her generals in Egypt and of making of that an excuse for devouring the rich countries of Egypt and the Sudan.

The "Shafagh-i-Surkh" of the 4th December attempts to show how much the progress of Egypt has been retarded by the British occupation of the last forty years.

The "Tajaddud" of the 1st December says that the nations of the East will not be frightened by this display of British violence. The Eastern nations are no less capable of prejudicing the peace of the world than the Balkan States.

14. Reference paragraph 3 of Summary No. 47, four Russian engineers whose

names are given as Serva, Patrin, Yulyus, Palantovitch, have arrived in Tehran for the erection of the wireless stations.

Serva draws 300 tomans per mensem; the others 250.

Serva went to Isfahan on the 24th November, and goes from there to Hamadan, Tabriz and Meshed to select sites for the stations.

15. Reference paragraph 14 of last week's summary, the employees of the Interior and Justice Departments resumed work when authority was given by the Ministry of Finance for the issue to them of two months' pay.

16. All the Germans employed in the arsenal went in a body to the War Office on the 6th December and protested forcibly against the non-receipt of their pay.

17. In answer to the many criticisms recently made in the press and Parliament of the expenses of the Finance Ministry in comparison with the revenue collected, the Ministry has published a statement showing that their budget is less this year than in any of the previous five years.

18. A committee has been formed in the War Office to find suitable Persian equivalents for the words borrowed from foreign languages which are now used in Persian military phraseology.

19. The Russian wireless press announces that the Commissariats of Foreign Trade and Roads and Communications have organised a scheme for the combination into one department of all Soviet transport undertakings connected with Persia, viz., the Joint Stock Company "Transport," the Directorate of the Transcaucasian Railways, and the Directorate of Dobroflot. Negotiations are also proceeding for the inclusion of the Directorate of the Central Asian Railways.

The new organisation will be called "Buopers" and will have its headquarters in Moscow.

20. The Russians recently offered a wagon-load of cattle serum and a veterinary officer to administer it. The Persian Government accepted the serum, but refused the officer.

21. A Bill has been presented to the Majlis proposing the engagement of a French veterinary surgeon for the organisation of a section of the Pasteur Institute in Tehran for the preparation of prophylactic veterinary serums.

Serious anxiety has been aroused by the serious ravages among cattle caused by infectious diseases.

22. It is reported in the press that Wassmuss has applied for exemption from customs duties of agricultural machinery which he is importing to Persia.

23. Colonel Ismail Khan, Persian military attaché at Berlin, arrived in Tehran on the 5th December.

Luristan.

24. His Majesty's vice-consul at Sultanabad reports the movement of the majority of the troops from Burujird to Khorremabad during November. (See also paragraph 27 below.)

Isfahan.

25. Reference paragraph 27 of Summary No. 47, the chief engineer employed by Ata-ul-Mulk for his spinning factory is the German Schunemann who was prominent in North-West Persia during 1915-16.

Fars.

26. Two small tanks, each carried on a three-ton lorry, arrived at Shiraz on the 28th November.

These may be the Renault tanks which, according to a previous report, the War Office were ordering from France.

Arabistan Situation.

27. The Prime Minister announced his arrival at Zeidun on the 27th November in a telegram which was published in the Tehran press. He said that the leading column of the Isfahan troops (see paragraph 28 of last week's summary) had arrived at Behbahan, and that three parties of the contingent from Azerbaijan had reached Kermanshah. He said he had received a further telegram from Khazal stating that he was ready to surrender "as mentioned in my reply to him." (Note.—The Prime Minister had asked for unconditional surrender.) He had informed the sheikh that he must come to the advanced front and make his submission in person.

On the 1st December the Prime Minister issued a communiqué that the Arabs had evacuated their positions on the 30th November, that the first column of the Khorremabad force had reached Dizful, and that the contingent of the North-West Division would advance from Kermanshah to Pusht-i-Kuh and thence to Dizful.

Comment.—As far as is known no fighting has taken place with the Lurs, and the arrival of a force at Dizful, which is corroborated from other sources, indicates that some peaceful arrangement has been made with them whereby Government troops were allowed to use the road from Khorremabad to Dizful. The opening of this road has long been one of the Prime Minister's most cherished projects. It still remains to be seen whether the arrangement made with the Lurs is of sufficiently permanent a character to keep the road open without further operations.

W. A. K. FRASER, *Major, I.A.,
Military Attaché.*

Tehran, December 6, 1924.

APPENDIX I.

Extracts from Persian Press referring to the Local Political Situation.

Referring to the report in the Russian wireless press that the British Government had addressed a note to the Persian Government demanding the cessation of military measures against Sheikh Khazal, the "Shafagh-i-Surkh" of the 2nd December says:—

"Since such notes are an interference in the internal affairs of Persia it is believed that the Council of Ministers has returned them, which was the right thing to do as the punishment of a rebel is no concern of the British. Sheikh Khazal is a Persian subject and the question of his being under British protection is nonsense, but they can take him away to India or England so that he may be the better able to enjoy their protection.

"We cannot admit that the establishment of order in Persia is a cause of loss to the British Government, nor will that consideration make us neglect our own interests or postpone the elimination of rebellious elements. International law and the League of Nations will, of course, support our actions in that respect."

Extract from "Kushesh" of December 3.

The following notice by Zoka-ul-Mulk, the Minister for Finance, is published:—

"There are some rumours recently concerning the receipt of notes from the British Government to the Persian Government regarding the Khuzistan question, the echo of which rumours is seen in some of the local papers and telegraphic news. Therefore, it is necessary to inform, for the public information, that the existence of such notes, which are contradictory to the Government rights of Persia, is hereby denied. The Persian Government is completely endeavouring for the safeguard of the interests and advisabilities of Persia.

"ZOKA-UL-MULK.
"Financial Minister.

"Ghous 10, 1303."

Extract from "Kanun" of December 3.

With reference to the news published by the Moscow wireless regarding the presentation of two notes by the British Government to the Persian Government, rumours to this effect were spread during the last two or three days, but reliable information from the Government was awaited before our views were expressed.

It is evident to the public that the news spread in the city concerning the treaty between Khazal and the British Government is of great importance for Persians from the point of view of the independence and integrity of Persia.

As no official information has been received regarding this news, we cannot deny or certify the above rumours, and therefore refrain from expressing our views. We are hoping to see things become more clear.

The Majlis has stated in a private sitting that no interference or intervention by foreigners, no matter under what pretext, will be allowed in connection with the internal affairs of Persia.

Khuzistan is an inseparable part of Persia and Sheikh Khazal is a Persian subject, and no one has the right to make claims on account of any sort of treaty or agreement made with Persian subjects.

APPENDIX II.

Extracts from "Rosta."

December 1, 1924.

According to reports received the British have presented two notes to the Persian Government. In the first note it appears that it is said that Serdar Sepah has broken the promise that he gave that he would settle the matter of Sheikh Khazal peacefully, and that, in spite of the fact that Sheikh Khazal, in accordance with British advice, had made his submission to the Persian Government, the Serdar Sepah had commenced military operations in the south.

In the second note the English demand that the advance of Persian troops towards Mohammerah should be immediately stopped, and state that Sheikh Khazal is under their protection, and, while claiming the right to take steps to protect their own interests in South Persia, they put the whole responsibility on to the Persian Government for any damage that may happen to the English oil-wells as a result of the movement of troops into Khuzistan.

The interference of the British in internal affairs and their undisguised protection of Khazal have created strong official and public indignation.

December 4, 1924.

Strong rumours are circulating in parliamentary circles in Tehran that the Government has returned the first note of the English, on the question of English patronage of the sheikh. The English are said to have agreed to withdraw it on condition that its contents should not be given publicity.

It is also said that Serdar Sepah has telegraphed instructions from the front to the Minister for Foreign Affairs to reply to the second note of the English, with its demand for the cessation of operations against Sheikh Khazal and of the attack on Mohammerah, in the form of a categorical demand for non-interference in the internal affairs of Persia, and that Serdar Sepah is taking up a resolute position on this question and is determined to lead the Government troops to Ahwaz and Mohammerah.

December 5, 1924.

During the sitting of the Majlis summoned yesterday on the urgent request of Serdar Sepah for the consideration of the question of credits for the War Office, a number of Deputies raised the question of the notes presented by England to the Persian Government. Heated debates followed. The Opposition was against the granting of the credits, but they were finally passed by a majority of 77 out of the 91 Deputies. A secret sitting followed to go into the question of the demands of England. The Ministers were summoned to give an explanation. Representatives of various parties energetically protested against the interference of England in the internal affairs of Persia. The leader of the Opposition, in connection with the curious position taken up by the Ministers in Tehran with regard to the English notes, in a bitter speech against Serdar Sepah declared that he was in league with the English and that the latter had presented their notes with the knowledge and agreement of Serdar Sepah with the object of liquidation of affairs in the south by peaceful means and for the maintenance of good relations with England. The majority of the speakers expressed their full confidence in Serdar Sepah, but premised that this confidence by no means included the Ministers whose position with regard to the English notes they considered unsatisfactory. As debates became heated the Ministers left the Majlis without presenting any statement regarding the English notes.

The "Rosta" declares the official denial published by the Persian Government with regard to the English notes is inaccurate, and compares it to the original "denial" of the rising of Sheikh Khazal, published by the Persian Government in September in Tehran, Moscow and Tiflis.

[E 90/82/34]

No. 5.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 5, 1925.)

(No. 576. Secret.)

Sir,

Tehran, December 19, 1924.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 50 for the week ending the 13th instant, compiled by the military attaché to this Legation.

I have, &c.
(For the Minister),
E. MONSON.

Enclosure in No. 5.

Intelligence Summary No. 50 for Week ending December 13, 1924.

(Secret.)

Turkoman Situation

1. The General Officer Commanding the Northern Brigade, in a conversation with His Majesty's consul at Resht, confirmed the report that Government had patched up a truce with the Turkoman leaders.

The situation is, however, still far from satisfactory. Turkoman depredations continue, and the Tehran-Meshed road is again unsafe. Registered postal matter for Meshed is not accepted in the Tehran post office.

Gilan.

2. A public meeting was held outside the telegraph office in Resht to protest against the interference of the British in the internal affairs of Persia. There can be very little doubt that it was organised by the Russians.

3. The Soviet consul maintains a reading-room in Resht, where Russian newspapers and other literature are read aloud every evening. Free tea is provided, and this brings a certain number of people.

4. The "Tulu" newspaper in Resht is subsidised by the Soviet consulate to the extent of 50 tomans a month.

5. The Soviet consul at Resht has recently formed a Working Men's Society for workmen of all nationalities. He himself attends their meetings on Thursdays.

Kazvin.

6. It is reliably reported that 300 Kurdish irregular cavalry arrived in Kazvin from Tabriz on the 29th November.

7. A Republican Committee has been formed in Kazvin under the undisguised auspices of the Governor. It also indulges in anti-British speeches.

A counter-society has been formed by the principal merchants and priests.

Tehran.

8. The Majlis now appears to be divided into the following parties:—

- (a.) Those who support the Prime Minister and the Cabinet.
- (b.) Those who support the Prime Minister, but are desirous of seeing a change in the Cabinet.
- (c.) Those who are opposed to the whole of the present Government.

It is generally anticipated that there will be some changes in the Cabinet as soon as the Prime Minister returns.

9. On the 7th December a deputation of merchants, of whom about five were of some importance, organised by the Military Governor of Tehran, waited on the Majlis to express their complete content with the Prime Minister and all his works.

10. A considerable amount of quiet work has restarted in Tehran to prepare the ground for a change in the Constitution. Propaganda is not directed so much in favour of a republic as towards creating discontent with the Shah. The Military Governor, Sartip Morteza Khan, is the principal directing force. It is reported that he aspires to the post of War Minister in a new régime.

11. Reference paragraph 8 of last week's summary, further reports have been received of the Shah's offer of the Premiership to Mushir-ed-Dowleh, who is said to have definitely refused, and to have impressed on the Vali'ahd the necessity for strict secrecy regarding it. The Vali'ahd is reported to have telegraphed to the Shah that his messages were without effect.

Comment.—The above report is not yet accepted, as it seems improbable that the Shah would venture to throw down so definite a challenge to the Prime Minister.

12. All Government Departments, except the Ministry of Public Works and the Ministry of Education, have been subjected to severe criticism during the budget debates. The purpose is not so much to secure an improvement in the public services as to obstruct the passage of the budget.

13. A Bill has been presented to the Majlis proposing that sugar, tea and confectionery should be made Government monopolies, and that the profits should be devoted to a special fund for the improvement of means of transportation, particularly the construction of railways.

14. The High Military Council has prepared a scheme, which awaits the Prime Minister's sanction, for the establishment of military schools of fifty pupils each in Resht, Hamadan, Isfahan and Meshed. Pupils who qualify at these schools are to be brought to Tehran to complete their military education before being given commissions.

15. Three Turks, who are known to have been trained in radio-telegraphy, are now in Tehran. Two of them draw pay from the War Office, and it is reported that all three are to be employed by the Persian Government in their radio services.

16. Two Junker's aeroplanes arrived in Tehran from Enzeli on the 6th December. One of them is a military machine which has been brought for the inspection of the War Office. The other is for the personal use of Jarolimek (see also paragraph 13 of Summary No. 45).

17. The German Legation has caused to be published in the press an indignant denial of the claim put forward in the Russian radio press that the Soviet Government was connected with Junker's aviation schemes in Persia.

18. On the 8th December two lorries loaded with two anti-aircraft guns arrived in Tehran from Enzeli.

19. Ten Ford cars for the Ministry of War recently reached Tehran from Bagdad.

20. Colonel Ismail Khan, who was until lately Persian military attaché in Berlin, and recently returned to Tehran (see paragraph 23 of Summary No. 49), has been appointed Chief of the Staff of the Central Tehran Division.

21. M. Shumyatski arrived in Tehran on the 11th instant.

22. It is reported that Apresov has himself said that he will go to Moscow on a month's leave and will then receive an appointment in the south of Persia.

23. A proposal by the Ministry of Public Works for the engagement of four Russian engineers was turned down by the Parliamentary Commission concerned, who advised the engagement of Germans.

24. Extracts from "Rosta" are given in the appendix.

25. Renner, the American engineer employed with the Tehran Municipality, has resigned, having found it impossible to co-operate with the military officer, Colonel Kerim Agha, who is now in charge of the municipality.

26. The press announces that a direct postal service has been established between Persia and Turkey, via Tabriz, Maku and Bayazid.

Arabistan.

27. The Prime Minister, conducted by the Sheikh of Mohammerah's son, arrived at Ahwaz on the 5th, and met the sheikh on the 6th December and made peace. The following are reported to be the conditions imposed by the Prime Minister:—

- (1.) Troops will remain at Shushtar and Dizful until the spring.
- (2.) The Prime Minister will appoint a Governor at Ahwaz, but this governorship will be restored to the sheikh in the spring.
- (3.) The sheikh's authority over the Arab tribes will not be questioned.
- (4.) Minor questions of jurisdiction, police, taxation, &c., have been left for subsequent discussion.

The Prime Minister has issued a communiqué announcing that "complete order has been restored throughout the Khuzistan Province."

28. The Prime Minister left Ahwaz on the 8th with the intention of visiting the oil-wells at Maidan-i-Naftun.

29. A detachment from the Behbahan column has occupied Ram Hormuz, after a skirmish with the Bakhtiaris.

Khorasan.

30. His Majesty's consul-general at Meshed reports a resurrection of the press campaign in favour of a republic. The movement is subsidised by the Russians, and efforts are being made by its supporters to win over the priests.

Khalisizadeh, the mullah who was exiled from Tehran on account of his activities against the Prime Minister, has been allowed to live in Meshed, and the Amir Lashkar is endeavouring to enlist him on the side of the Republicans. It will be remembered that in the spring he was employed by the Soviet Legation in Tehran to oppose the movement (see also paragraphs 6 and 10 above).

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, December 13, 1924.

APPENDIX.

Extracts from "Rosta" of December 10, 1924.

Azertag (the Azerbaijan Telegraphic Agency) communicates that in conversation with the members of the Transcaucasian Press, Shumyatski stated in reply to the question: "Are the rumours with regard to an agreement between Serdar Sepah and the English on the question of Southern Persia correct?"—"I do not admit the idea, for Serdar Sepah up to now has considered his task to be not the splitting up but the consolidation of Persia, and I do not think he would give a mandate to foreigners for the administration of the south, even through the false Sheikh Khazal. The fact that Serdar Sepah is leading his victorious troops through rebellious Arabistan serves as a proof that he is to be trusted with the defence of the sovereign independence of the country." To the question: "In what light do you consider the attacks of certain Deputies; first, upon the alleged Anglophilism of the Premier; later, upon particular Ministers?" he replied: "Politicians are to be judged not by words, but by acts. The acts of Serdar Sepah convince everyone that he is carrying out a great national work. But the attacks on particular Ministers in his Cabinet proceed in a great measure from those who desire to occupy the places of these Ministers. Of course, those who attack individual members of Serdar Sepah's Cabinet are attacking the whole Cabinet, especially at such a responsible time as the present."

No. 6.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 5.)

(No. 3. Confidential.)

(Telegraphic.)

Tehran, January 5, 1925.

SITUATION seems to me to be full of favourable possibilities. There is a general desire among most Persians to be on good terms with us again, and among some to seek our help for economic development, provided their faces can be saved in transition. Some evidence of this feeling may be found in unusual cordiality with which Persians have welcomed me on my return.

Following are main particular features of present position:—

Prime Minister is stronger and more popular than ever; he has understood for himself that our policy in the south is loyal and helpful and not disintegrating, while Russian policy has been the reverse.

American financial mission is a failure; Treasury is depleted, salaries in arrears, discontent with advisers is general, and question is merely whether they can stay out their contracts.

Desire of Persian Government to liquidate outstanding difficulties with us is more and more pronounced.

Desire for economic progress and realisation that this is impossible without foreign capital is growing.

I therefore anticipate advance for a rapprochement with us. In that event I suggest we should take Persian debts to His Majesty's Government as test case of Persian sincerity, and I should like authority to negotiate settlement laid down in your telegram No. 22 to Bagdad. For the rest I will report as and when situation develops, but I think that we shall be judged by our ultimate willingness to help Persia in her economic revival, and that our attitude in this connection will later on be determining factor.

If useful results and an improvement in British position here accrued they will be due to our patient forbearance in recent years and to our gradual but persistent dissociation from Persian domestic affairs.

Adverse factors are Russian efforts to wreck any Anglo-Persian rapprochement, which are certain, and instability until question of régime is settled. I think Prime Minister has given up idea of republic, but am not sure whether he aims at the throne or a regency. If he wished he could, in present circumstances, make himself Shah.

I need hardly add that happy issue out of Arabistan crisis has been turning point.

(Sent to India, No. 3. Copy by bag to Bagdad.)

No. 7.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 7.)

(No. 5.)

(Telegraphic.)

Tehran, January 7, 1925.

FOLLOWING from consul at Ahwaz:—

"I found sheikh more resigned to new régime than I had expected. His chief grievance was that he had not been previously warned by us of intention to post troops at Ahwaz and Deputy Governors at Mohammerah and Abadan. He now relies on the promise given by Prime Minister to you that present régime will be reversed in the spring.

"If that promise is fulfilled, sheikh maintains that he will not regain his authority over tribes unless it is upheld by military authorities in the meantime. I promised to use my influence in this direction.

"If, on the other hand, His Majesty's Government do not subsequently insist on reversion to *status quo* he will content himself with position of an ordinary landholder without any responsibility for law and order. In that case he would rely on His Majesty's Government to maintain his title to his properties.

"Prime Minister gave sheikh a personal letter assuring him of his special protection and a letter of recommendation to southern army commander instructing him not to interfere with sheikh's properties. Otherwise he displayed strong disinclination to discuss details of administration with sheikh. He promised to arrange partial remission of revenues as compensation for damage by floods.

"Sheikh is borrowing 200,000 tomans from Imperial Bank of Persia in order to pay arrears of revenue."

(Sent to India.)

[E 141/8/34]

No. 8.

LIGHTING AND BUOYING OF THE PERSIAN GULF.

Minutes of an Inter-Departmental Conference at the Foreign Office on January 7, 1925.

Present :

Sir F. BUTLER, K.C.M.G., C.B. (*in the Chair*).*Foreign Office:*

Mr. L. SHERWOOD, O.B.E.

His Majesty's Treasury:

Mr. R. O. W. PEMBERTON.

Board of Trade:

Mr. C. H. GRIMSHAW.

*Admiralty:*Captain M. E. DUNBAR-NASMITH,
V.C., C.B., R.N.Commander J. N. TAIT, D.S.C.,
R.N.*India Office:*Mr. L. D. WAKELY, C.B.
Mr. J. P. GIBSON.*Colonial Office:*

Mr. G. L. M. CLAUSON, O.B.E.

THE conference had before them the memorandum handed by Sir F. Butler to Sir Alan Anderson at an informal meeting on the 4th September, 1924, summarising the proposed conditions for the establishment of a system of light dues, and the letter from the Chamber of Shipping of the United Kingdom dated the 12th December, 1924, accepting the scheme, but making certain comments upon it.

The main point in the letter from the Chamber of Shipping was the alteration proposed in the constitution of the non-official advisory committee. The Government of India had proposed that the committee should be composed of representatives of eleven unofficial bodies. The Chamber of Shipping, while accepting six out of the eleven bodies, proposed that the size of the committee should be reduced by omitting the representatives of the British Chamber of Commerce, Basra, the Indian Merchants' Chamber, Bombay, the Corporation of Lloyd's, London, the Karachi Chamber of Commerce, and India Coasting Craft. They had, however, proposed as an addition to the committee a representative of Messrs. Turner, Morrison and Co. Mr. Wakely stated that the India Office had already telegraphed to the Government of India asking whether they were prepared to accept the alterations proposed by the Chamber of Shipping in the constitution of the committee, and it was agreed that the reply of the Government of India must be awaited before the matter could be further pursued with the Chamber.*

Attention was called also to certain other points in the letter from the Chamber of Shipping. Captain Dunbar-Nasmith pointed out that the Chamber of Shipping, in their letter, definitely connected the proposed Government grant of £5,000 a year with the exemption of Government vessels from light dues. He stated that the Admiralty were as strongly opposed as ever to any acknowledged connection between these two things, and he wished to be assured that, in the reply to the Chamber, no such connection would be admitted. It was agreed after discussion that the best course, in replying to the Chamber, would be simply to say that the Government would continue to contribute towards the cost of the service an amount of £5,000 a year for five years, subject to review at the end of that period. The point was raised that, if it were decided in the course of the five years that Government vessels in home waters should be made liable to the payment of light dues, it would be necessary to extend that liability to the Persian Gulf, and that the Government grant of £5,000 ought in that event to cease. It was agreed that this contingency need not be explicitly discussed in replying to the Chamber, and that, if it arose, it would be open to the Government to refuse to extend the levying of light dues on Government vessels to the Persian Gulf unless this were counterbalanced by the discontinuance of the Government grant.

* Immediately after the conference a telegram was received from the Government of India agreeing to the proposals of the Chamber of Shipping as to the constitution of the committee, subject to enquiry as to the necessity for separate representation for Messrs. Turner, Morrison and Co.

It was agreed that, in replying to the Chamber of Shipping, it should be recognised that the possibility of reducing the cost of the lighting and buoying service and the possibility of compounding for frequent voyages were appropriate subjects for discussion by the advisory committee when constituted.

Mr. Grimshaw called attention to the closing sentence of the Chamber's letter, in which it was stated that they regarded it as essential that the advisory committee should be fully consulted before any expenditure is incurred. He feared that trouble might arise hereafter unless it were made clear that the Government must reserve power to incur expenditure in an emergency in which it might not be possible to consult the committee beforehand. It was accordingly agreed that, in replying to the last paragraph of the Chamber's letter, their attention should be called to the contemplated functions of the committee as described in paragraph 3 (a) of the memorandum handed to Sir Alan Anderson in September, and that it should be pointed out to them that that description appeared to ensure that the committee would be fully consulted before any expenditure is incurred, subject, of course, to the possibility of some sudden emergency arising in which it might be essential to incur expenditure without waiting to consult the committee.

As to the actual nomination of the committee, it was suggested that it would be appropriate to ask the Chamber of Shipping to supply the names of representatives of such of the bodies to be represented on the committee as had headquarters in this country, and that the Government of India should address the necessary invitation to such nominees and to the bodies having their headquarters in India.

Mr. Clauson said that, so far as Irak was concerned, the next step was to furnish the Government with a memorandum showing the form which the scheme had assumed as the result of discussion, and to request them to consider what steps, by way either of legislation or of administrative machinery, it would be necessary to take in Irak with a view to putting the scheme into force at a date to be settled hereafter by the Government of India. It was promised that the Colonial Office should be supplied with the necessary memorandum.

It was agreed to be necessary, after settling with the Chamber of Shipping of the United Kingdom the outstanding questions as to the constitution of the committee, to request the Government of India to assemble the Advisory Committee in Bombay, with a view to deciding on a date for the scheme to be brought into effect, time being allowed for the authorities at Basra to give at least one month's public notice of the proposal to levy the light dues. It was agreed that the Government of India should arrange with the Government of Irak direct for the initiation of the scheme.

The question was raised whether the Government of India should be called upon to participate in the grant of £5,000 to be made from Government funds in the first five years of the scheme. The India Office representatives stated that they had assumed, from previous discussions, that the whole of this grant would be a charge upon Imperial funds, and that India would only be called upon to share in any Government expense involved in excess of that amount. The Foreign Office representatives expressed the opinion that, in view of the circumstances in which the Government grant had been promised, the arrangement suggested by the India Office was reasonable. The Treasury representative asked that the question should be raised officially and should be settled by correspondence between the Treasury, the India Office and the Foreign Office.

No. 9.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 6.)

(Telegraphic.)

Foreign Office, January 10, 1925.

YOUR telegram No. 3 of 5th January: General situation in Persia.

Your account of the present situation is gratifying, and I appreciate your share in recommending and carrying out the policy of forbearance and non-interference that has gone far to dispel Persian mistrust of His Majesty's Government.

I agree that no opportunity should be lost in making the best use of so favourable a position. As regards debt settlement, necessary instructions went to you in my despatch No. 580 of 18th December.

But there is another question, satisfactory and lasting settlement of which I should welcome, and this is the future of the Sheikh of Mohammerah. I understand

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that we are responsible to him for securing the withdrawal of Persian troops and deputy Governors in the spring, in accordance with Reza Khan's promise to you.

In your letter to Sir W. Tyrrell from Bagdad last November you suggested the desirability of a settlement that would honourably liquidate our obligations to the sheikh by the substitution of a charter from the Persian Government.

I shall be glad to learn whether you consider the present moment opportune for initiating negotiations on this question. Until the matter is finally cleared up it seems to me that it must continue to constitute an obstacle to frank and friendly relations with Persia, as well as a potential source of considerable embarrassment to ourselves.

No. 10.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 12.)

(No. 8.)

(Telegraphic.)

Tehran, January 12, 1925.

AHWAZ telegram No. 2.

I hear reliably that Prime Minister has assured sheikh of temporary character of new measures which he had to take in order to show the cause in Tehran. Also that he has taken no money from sheikh and is defending sheikh's character here in private interviews. I am not uneasy about this matter.

(Sent to India; Bushire, No. 1; and Ahwaz, No. 1. Copy by bag to Bagdad.)

No. 11.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 17.)

(No. 11.)

(Telegraphic.)

Tehran, January 17, 1925.

YOUR telegram No. 6: Debt.

Instructions received.

I shall first sound American adviser very cautiously and report.

Sheikh of Mohammerah.

For time being, the less we say about Arabistan the better. Sheikh's firmans are being sent to Tehran, and Prime Minister has given him some promise to get them confirmed. This would be a good foundation for future charter from Persian Government, but outside pressure might hinder rather than help Prime Minister in getting measure through Majlis.

We should, I think, adopt attitude of watchful inaction. Test of Reza Khan's sincerity will come in the spring; we shall meanwhile get clue from the way in which he handles question of firmans. Direct agreement between the two is far the most advantageous solution, and we should give it the best possible chance.

[E 649/136/34]

No. 12.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 4, 1925.)

(No. 578. Confidential.)

Sir,

Tehran, December 22, 1924.

THE vicissitudes of the quarrel between the Persian Prime Minister and the Sheikh of Mohammerah, and their reaction on British interests in this country, whether particular or general, have been so fully reported in the telegrams which have been exchanged, that I do not consider it necessary to add any further description of them to the already voluminous correspondence on this subject.

I have the honour, however, to submit to you in this despatch a more detailed account than has hitherto been furnished of the action which I took under your

instructions to facilitate a peaceful solution of the dangerous crisis which had arisen in Arabistan, and to offer some observations of a more general character on the crisis and its fortunate solution.

Before leaving London I had been supplied by your Department with a file of the relevant papers showing the course of events and negotiations up till the 26th October, and I was able during the voyage from Marseilles to Alexandria to study this correspondence attentively. The salient points appeared to me to be the following: The Persian Government was resolved to carry out the intention, of which I had warned His Majesty's Government as long ago as 1922, of asserting its authority over the Province of Arabistan in one form or another; the Sheikh of Mohammerah has undoubtedly put himself in the wrong by his overtly rebellious and defiant attitude, and had been unfaithful to his promise to be guided by our advice, for, had he followed the advice embodied in my telegram to him of the 5th September, 1922 (see the enclosure to my despatch No. 551, Confidential, of 1922), reiterated to him in the autumn of 1923, when I visited him in Ahwaz (see my despatch No. 484 of the 30th October, 1923), and impressed on him with great insistence by His Majesty's Chargé d'Affaires, it is hardly conceivable that a crisis so acute as the recent one could have arisen. The situation, as regards British action, was governed by the policy of neutrality, with a bias in favour of the Central Government, laid down by Mr. Ramsay MacDonald.

The instructions in your telegram to Beirut, which reached me at Jerusalem, to proceed to Arabistan with all haste and carry out Mr. Ovey's proposal that I should in the first place interview the Sheikh of Mohammerah and induce him to make his submission to Serdar Sepah, appeared to me to constitute a fresh development in the attitude of His Majesty's Government, as well as a variation of the previous proposal, which had been approved by His Majesty's Government just before I left England, that I should meet Serdar Sepah and the sheikh, either at Bushire or Khanikin, and bring pressure to bear on both to come to an amicable arrangement which should, in the first place, give satisfaction to the Persian Government, in respect of its authority which the sheikh had flouted; in the second place, should preserve the sheikh's special position and privileges so far as was compatible with his allegiance to the Tehran Government; in the third place, should avert the necessity for any direct action by His Majesty's Government for the protection of British lives and property at the oil-fields and elsewhere in Arabistan, or in support of the sheikh.

I anticipated that this deviation from the procedure at first laid down for my guidance would be to weight the scales in Serdar Sepah's favour, for the fact that British pressure was first brought to bear on the sheikh would speedily become known in Persia and would undoubtedly be interpreted both in Tehran and Arabistan as meaning that His Majesty's Government had, in point of fact, abandoned their neutrality, were backing up the Tehran Government and were withdrawing support from the sheikh, notwithstanding the special position in which his Excellency stood towards them. It was certain that Serdar Sepah would not be slow to grasp either this situation or the advantages which it offered to him; and therefore the force of such representations as I might eventually make to him was proportionately weakened, for the more cards were placed in his hands, the better his position for disregarding our representations should be bent on employing extreme measures against the sheikh. Two results were, therefore, possible: either some amicable arrangement would be reached, in which case we should be more committed than we had previously been to countenance the centralising projects of Serdar Sepah and support his policy; or Serdar Sepah would attack the sheikh, in disregard of our wishes, and confront us with the gravely embarrassing choice between implementing our assurances to the sheikh by direct intervention, and acquiescence in a civil war, most dangerous to British lives and property, and probably ending in the military subjugation of Arabistan, the humiliation of the sheikh and the destruction of the privileged position in which we had guaranteed him.

Everything, therefore, depended on the real intentions of Serdar Sepah and their consistency. If he were willing to act with restraint, a peaceful solution was probable; if not, it was unlikely that anything short of a threat of more forceful measures, and perhaps even their employment, would avail to deter him. While, on the one hand, Serdar Sepah's attitude when in Tehran and his language on many occasions to His Majesty's Chargé d'Affaires revealed a strong inclination for a peaceful solution, it had to be remembered that the concentration of strong bodies of troops in the direction of Arabistan was being steadily proceeded with and that

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certain factors were urging the Prime Minister to have recourse to armed force: firstly, the opposition in the Majlis, which demanded the destruction of the "rebel" sheikh; secondly, the fear of being accused of having been "warned off" by the British and having thus capitulated to foreign interference in a Persian domestic affair; thirdly, and by no means least, the persistent pressure of the Russian Legation, determined to leave no stone unturned which might bring about a quarrel and a breach between the Persian and British Governments, and grasping eagerly at the Arabistan question as the best opportunity offered since the exodus of the ulama from Irak for the execution of this design.

The urgency of the situation was clear, and I therefore proceeded with the utmost despatch to Bagdad and Mohammerah to carry out your instructions, after outlining briefly (see High Commissioner for Palestine's telegram to Colonial Office, No. 353 of the 7th November last) the possible consequences of the new procedure.

I was fairly confident, owing to my previous relations with the Sheikh of Mohammerah, of being able to convince his Excellency of the necessity of making his submission to Serdar Sepah; I was less confident of my ability to secure from the latter terms satisfactory both to the sheikh and ourselves, without resorting to pressure of a sort which risked the necessity of our direct intervention. I felt strongly, however, that I could not be really certain of Serdar Sepah's intentions, or bring the maximum amount of suasion to bear, until I could see his Highness myself. My anticipations that this personal interview would be difficult to compass proved to be well founded, and, until it was actually achieved at Ahwaz in the early days of December, the situation passed through various anxious phases.

As soon as I had secured the sheikh's act of submission, made in a telegram which I had myself drafted for him, I put pressure on Serdar Sepah, through His Majesty's acting consul at Shiraz, to fulfil the assurances which he had given to Mr. Ovey. It then became apparent that his Highness was not prepared wholly to implement those assurances, and the situation assumed a very disagreeable aspect. It also transpired that his Highness was unwilling to meet the sheikh and myself at Bushire, as had been intended; Serdar Sepah did not suggest any alternative procedure, nor did he display any wish for a meeting with myself at all. Reluctant as I was to draw the obvious inference that his Highness wished to dispense altogether with our good offices, and intended to deal summarily with the sheikh as soon as his concentration of troops was completed, I was bound to admit that the evidences of its accuracy were very strong. Should it prove to be correct our position in the matter became exceedingly embarrassing: we should have either to leave the sheikh to his fate, after he had accepted our advice and placed his case in our hands, or stop Serdar Sepah by some methods more cogent than long-distance arguments. This last alternative was most unwelcome to His Majesty's Government, as it meant that they would be directly involved—not merely in Arabistan, but also, perhaps, in international complications of a graver kind with Russia. In the circumstances it was evidently necessary to push conciliation to the utmost limits, and indispensable to get into contact with Serdar Sepah. It seemed to me impossible, as matters stood, for me to seek him out except in response to an invitation, and I therefore despatched the Oriental Secretary, Mr. Havard, to Bushire, with instructions to visit his Highness at Shiraz and make a vigorous representation in my name. As Serdar Sepah moved southwards Mr. Havard waited for him and caught him at Bushire. Before, however, his report of this interview, which was of a somewhat more reassuring character, reached me, news arrived from Tehran of the issue of an official communiqué stating that as Serdar Sepah's fresh demand for an unconditional surrender by the sheikh had met with no response, his Highness was going to place himself at the head of the imperial troops and march into Arabistan.

There now seemed to be no way of escaping the conclusion that Serdar Sepah had chosen war rather than peace and friendly mediation to effect his purposes, and I therefore made certain recommendations to His Majesty's Government as regards measures with which to confront this new situation, and to provide protection for the lives and properties of British subjects in Arabistan in the event of hostilities, sabotage at the oil-fields, or plundering by demoralised tribal levies. These measures, with one exception, met with your approval and were put into execution. Thereupon I received Mr. Havard's report of the Bushire interview, which led me to hope that after all the way to a peaceful solution was not yet barred, and that the Prime Minister's communiqué was really meant to stifle the opposition and silence his critics in Tehran. His Highness had agreed to meet the sheikh in Arabistan, and

had said that my presence on that occasion would be welcome provided the sheikh sent a further message amplifying his previous submission. I therefore turned all my attention to bringing about this meeting: the difficulties were very considerable, and I need not here recapitulate the story of how they were gradually surmounted: it will suffice to recall the fact that Serdar Sepah and the sheikh reached Ahwaz, from different directions, on the 5th December, and that I joined them there on the following day.

My first interview was with Serdar Sepah on the 6th December. I explained to him the enormous interest which His Majesty's Government had in the preservation of peace, the great claims which the sheikh had on their consideration and friendly assistance, their extreme reluctance to intervene in Persian domestic affairs, and the value to Persia of the services they had rendered by bringing the sheikh to his senses. I went on to say that, as always hitherto, my policy in this difficult and intricate Arabistan problem had been to align and find a common denominator for the interests of the Persian Government, the Bakhtiari, the sheikh and His Majesty's Government, and to promote agreement and solidarity among all four. I added that it was entirely due to His Majesty's Government that the sheikh and the Bakhtiari had now lived for many years in amity and concord instead of strife and enmity; a sort of triangular understanding had been established and had given the best results to common interests: His Majesty's Government would be only too glad if the Persian Government came in to stabilise further the situation. Serdar Sepah replied with a very pertinent question. He asked whether, in advocating this policy of an alignment of the various interests, His Majesty's Government expected the Persian Government to treat the sheikh as an equal, and as a free negotiating agent. I said I was able to answer this question without embarrassment, hesitation or ambiguity. His Majesty's Government had always regarded the sheikh as a Persian subject, and such assurances as they had given to him in the past were conditional on the proper observance of his obligations towards the Persian Government. This reply evidently reassured his Highness. I then dealt more particularly with the crisis which had arisen, and pointed out that international as well as Persian affairs were involved. I knew by then that the Russians, and no doubt other persons also, had been deliberately employed in an endeavour to embroil his Highness in an armed conflict with the sheikh and the Bakhtiari. His Majesty's Government, on the other hand, had done everything in their power to avert it. I could myself see no reason, now that the sheikh had made his submission, for not coming to an amicable arrangement with him, which would in no way be derogatory to Persian sovereignty or independence. My constant advice to the sheikh had been to reach such an understanding; the sheikh no doubt had his faults, but we knew from experience that his word, once given, could be relied on, and I felt sure that Serdar Sepah would find the same. I finally said that I could make one statement which his Highness might quite probably regard as altogether undiplomatic, but my previous personal relations with him and my desire to enlighten him in regard to the true situation were my justification. When I heard of his last bellicose communiqué issued at Tehran I had been within an ace of informing His Majesty's Government that the time had come to implement their assurances to the sheikh. I had refrained from doing so in the almost forlorn hope that a way might even yet be found to solve the difficulties without resort to force. I did not think that anyone cognisant of the circumstances could have blamed me had I reported in this sense. Had I done so, what, I enquired of his Highness, would have been the result? A senseless quarrel between Persia and England, without a vestige of hope of profit to either; all kinds of passions and animosities aroused; a state of acute danger for the greatest material interest common to both countries—the oil-fields. Who, on the other hand, would benefit by such a state of affairs? None but those who wished to embroil Persia with England, and to weaken Persia by strife and tumult. I need not mention any names: his Highness would understand perfectly well to whom I referred.

This statement evidently made an impression on Serdar Sepah. He showed no annoyance at my having spoken to him in a personal manner with such frankness, and told me that unless he had come to Arabistan himself he would never have understood, as he then did, what a labyrinth of mystery and intrigue had been created and what deep mischief-making influences, including certain foreign ones, had been at work to foment trouble and misunderstanding; he admitted then that the sheikh's plea of having been misled by evil counsel was far more true than he had at first supposed. Earlier in the conversation he had given me the assurances reported in my

telegram No. 8 of the 6th December, from Ahwaz, and he told me now that he was going to see the sheikh alone the following morning, and have a close discussion with him, and he hoped I would see the sheikh and talk to him myself as soon as possible afterwards. This I agreed to do. His Highness further explained that at his first interview with the sheikh there had been too many people about to admit of any real discussion; he himself had been obliged to maintain a rather stiff and formal attitude and to check the sheikh's attempts to give such a public interview a more intimate character.

I met Serdar Sepah again by arrangement in the afternoon of the 7th December at His Majesty's consulate, having learnt meanwhile from the sheikh what had passed between his Excellency and Serdar Sepah in the morning. I dwelt once more on the interest possessed by His Majesty's Government in the maintenance of the sheikh's position of authority, and asked his Highness, now that he had had the opportunity of hearing the sheikh's own views, to let me know what his design was. The substance of his reply was as reported in my telegram No. 9 of the 7th December from Ahwaz, the main point being that he did not intend substantially to alter the sheikh's position and privileges, though he considered it necessary to take certain temporary measures to assert the supremacy of the Central Government. There would, he said, be many points of detail to be worked out, and these would be discussed later on with the sheikh before he left Arabistan. I could, he assured me, be quite easy in my mind. He had given his word to the sheikh, as the sheikh had done to him; he considered the sheikh thenceforward to be under his special and personal protection, and he would instruct all his people, not merely to discourage persons who intrigued against the sheikh and made trouble, but even to give the sheikh all the assistance he might require in dealing with them.

I said that this seemed to me satisfactory, and the basis chosen was, I had long been convinced, the only sound and durable one. His Highness, however, during the few previous weeks had changed his mind more than once, and in circumstances which had given cause for the gravest anxiety; how then could I be assured that in this matter also he might not find some grounds for reconsidering his present statements? His Highness replied that his present assurances were quite positive, and that he intended to carry them out, even if his policy in so doing was criticised in Tehran.

I then said that I should be very glad to report these assurances to you, and felt sure they would be received with satisfaction by His Majesty's Government.

Now that a basis of settlement by agreement and friendship had been found, I wished, however, to make some concluding remarks. If by the action I had taken under instructions from His Majesty's Government I had contributed to a peaceful and lasting solution, that in itself was a great source of satisfaction to me, for I believed the result to be no less beneficial to Persia than to my own country. I had been through times of doubt and anxiety whether after all my efforts would not be unavailing; but, if ultimately successful, I saw the way open to an even more important result than a fortunate emergence from a serious situation. Among the friends of England in South Persia the Sheikh of Mohammerah occupied the most important position, and, indeed, a unique one, owing to the special relation in which he stood towards His Majesty's Government. Thus, the most serious danger of friction in South Persia between England and Persia would arise from friction between the sheikh and the Persian Government. The possibility of such friction was therefore one of the greatest bars to closer relations between London and Tehran; if the possibility could be removed altogether, that bar would disappear. The efforts of His Majesty's Government, through the instrumentality of His Majesty's representative in Tehran, had throughout been directed towards bringing the sheikh into a close and regular relationship with the Persian Government, and if the results of that morning's meeting between his Highness and the sheikh and of the interview that afternoon with myself were to consummate those efforts, a very definite step would have been taken in the improvement of Anglo-Persian relations. I believed that a close understanding between Serdar Sepah and the sheikh would, besides having the very considerable advantage already mentioned, directly strengthen the position of his Highness and his Government in Tehran. I welcomed this result; it was in accordance with the desire of His Majesty's Government to see a united, stable and friendly Persia, and it seemed to me wholly compatible with Persia's own best interests. But I went further than that. I wished all the friends of England in South Persia to be the friends of Tehran, to stand by and help their own Government; I wished the Persian Government, who had many anxieties, to feel that the south was safe, loyal and peaceful, so that, should danger arise from other quarters, the

south could be relied on. Then peace would ensue, and with it would come progress, development and prosperity. Relations with the Sheikh of Mohammerah were the test case; if this were solved on the lines we had discussed that afternoon, I firmly believed the wider results would shortly follow, with the greatest benefit to all concerned; for my part I was willing to contribute to that result.

Serdar Sepah was evidently not expecting a statement of this sort, and it quite took him aback. He asked whether I really meant what I said, and, when I assured him of my complete sincerity, he expressed the deepest gratitude. He said it was quite true that the Persian Government had anxieties in many directions, and that he could not keep his eyes turned to all the points of the compass at once; if he and the Persian Government could feel that they could safely turn their back on the south with perfect freedom from anxiety, to meet possible danger from another quarter, the feeling of relief would be immense. The British Government could give no more convincing proof of their sincerity than by encouraging what I had suggested.

In making this statement I went somewhat beyond any specific instructions which you had given me, but in view of the extent to which Serdar Sepah had shown his willingness to adapt his policy to suit our interests I felt confident that my language would meet with your approval. The line indicated therein is, I am persuaded, the one most consonant with our abiding interests, for a stable and united Persia is a far more valuable asset to us than a weak and divided one. To bring the south into agreement with Tehran, to make Serdar Sepah himself realise that, so far from supporting a separatist policy in the south we are genuinely desirous of uniting the south with Tehran, and to carry this policy into effect gradually, will make not only Persia's position, but also our own far stronger than hitherto and will give us the best guarantee obtainable in present circumstances against any attempt by Russia at absorption or aggression. What it amounts to is making Serdar Sepah and his Government a present of our friends in the south, and of the so-called "Southern alliance," the principal members of which are the Sheikh of Mohammerah, the Bakhtiari Khans, the Vali of Pusht-i-Kuh and Kawam-ul-Mulk. This alliance, as my previous reports have shown, has been gradually evolving itself during the last three years, and its object was collective resistance to encroachment on semi-autonomous positions by the Tehran Government. The alliance wished to place itself under our aegis, but this we could not and did not admit. It is nevertheless true that had we ever wished to use this instrument against the Tehran Government, at the risk of a partitioning of Persia, the instrument was ready to our hand. But we stood loyally and scrupulously aloof, we gave this combination no encouragement, and, when matters came to a head, in the recent crisis, as they were bound to do one day or another, we stood uncommitted and perfectly free in every respect, except that of our written assurances to the sheikh. Nor, as events have proved, did this attitude weaken in any way our influence with the members of the alliance. The turning point came with the reconciliation between Serdar Sepah and the Sheikh and the formation at Ahwaz of a personal friendship between the two protagonists. It will take some time no doubt for this friendship to become a permanent and reliable factor, but so long as Serdar Sepah keeps his promises and we give our encouragement, there is no reason why it should not succeed. In that case the whole situation in the south will have improved almost beyond recognition and instead of seeing our relations with the Persian Government perpetually embarrassed by having to take up the cudgels on behalf of our southern friends, and risk the ever damaging accusation of interfering in Persian domestic affairs, we shall actually be able to influence Tehran through those same friends and entirely turn the tables on those—and I mean principally the Russians—who are perpetually seeking to embroil our relations with Persia and, in nine cases out of ten, are taking our "Separatist policy" in the south as the text of their unfriendly insinuations.

I must apologise for having dwelt at such length on this point, but I have done so in the firm belief that it must be a fundamental principle in the future conduct of our policy in this country. It was not possible so long as Serdar Sepah and the sheikh remained apart and full on either side of jealousy and suspicion; it becomes possible now that we have succeeded in bringing these two important personages together on a basis of friendship and mutual understanding. At Ahwaz we secured a happy issue out of many present afflictions, and averted a defeat and a loss of prestige which could only have been retrieved by a form of intervention which was thoroughly repugnant to the wishes of His Majesty's Government and no less alien to the ruling principles of their policy. The policy herein advocated, of which I staked out the main lines in my interview with Serdar Sepah, should, if consistently

carried out, lay the foundations of a much happier future and a far more stable and welcome basis for British influence and enterprise.

I must now turn to the sheikh. Once he had made up his mind to meet Serdar Sepah, and, heartened by my return to Arabistan, had overcome his fears of personal danger and public humiliation at the hands of the Prime Minister, he played his part and carried out my recommendations with skill and dignity. When he found that he was treated with real kindness and consideration by Serdar Sepah, he realised even more fully the folly of his previous behaviour and in this way the Prime Minister scored a real personal success. The sheikh accepted our advice to make friends with Serdar Sepah, but it soon became apparent that he was revolving certain reservations in his mind. The sheikh has a curiously obstinate mentality. It is amazingly difficult to get a new idea into his head, it is even harder to dislodge an old one. The idea that his primary duty is to His Majesty's Government and his secondary duty to the Persian Government appears to be quite ineradicable. His immediate perplexity was briefly this: if he gave his word to Serdar Sepah absolutely, he was bound by his own standards to keep it; but he had already given his word to the British Government; so long as the British Government remained on friendly terms with Serdar Sepah all would be well; but if they quarrelled or parted company, what was his position, for he could not serve two masters. The solution he had thought out, which he explained to me with much circumlocution and regarding which he requested my advice, was to give his word to Serdar Sepah as binding so long as his Highness was on good terms with the British. I told the sheikh that in every situation there were always some risks, but that I did not think that any qualification of his promise to Serdar Sepah was wise or desirable, for the reservation would certainly wound his Highness's patriotic feelings and would be a wedge driven into the roots of the friendship which he wished to see initiated and cultivated; moreover, this friendship would itself remove one of the most important sources of difference between us and the Persian Government and its firm establishment was therefore necessary. If other situations arose they could always be considered; his duty was to carry out the advice now tendered to him by me on behalf of His Majesty's Government and do it wholeheartedly. I furthermore pointed out to the Sheikh that I wished him in future to deal personally with the Prime Minister in regard to his difficulties and any grievances he might have; we had extricated him from a very serious scrape and had set him on the right path again; we did not wish to be perpetually troubled with his affairs, and, by bringing him together with Serdar Sepah, we had opened to him a much easier road, both for him and ourselves, for getting his affairs settled. That did not mean that we disinterested ourselves in him or his affairs, but we found that his constant requests for our mediation with the Persian Government did neither him nor us any good. We were accused of interference; he of disloyalty. A working agreement between himself and the Prime Minister would put an end to this unsatisfactory state of affairs, and I thought it more than probable that he would often get more from Serdar Sepah first-hand than his Highness might be willing to concede under British pressure. I reminded him that he could be of use to Serdar Sepah and that the friendship need not be a one-sided one, but he should remember that in the same way as he himself had enemies and difficulties in Arabistan, so did the Prime Minister have enemies and difficulties in Tehran, and he would probably find that by taking account of Serdar Sepah's difficulties he would predispose Serdar Sepah to help him in his difficulties. The sheikh promised to bear what I had said in mind and do all he could to place his relations with Serdar Sepah on a firm basis.

I have omitted from this despatch the mention of a great many matters of detail which cropped up during these interviews at Ahwaz because they are not essential to the main line of argument. It will be time enough to revert to them if they should assume enough importance to have a bearing on the general situation.

I do not, however, wish to conclude this report without an expression of my sincere gratitude to His Majesty's High Commissioner at Bagdad, not only for the generous hospitality which he and Lady Dobbs extended during the month in Bagdad, but also for the friendly counsel and support which he gave me at moments of great difficulty and anxiety. I also desire to express my high appreciation of the willing assistance given to me by all the members of Sir Henry Dobbs's staff, and especially the cypher officers, whose burden of work was more than doubled by the number of urgent telegrams, in and out, in connection with Arabistan. They were often working till late into the night, long after their regular hours, and they carried out the work with precision and regularity. It would give me the greatest satisfaction to learn

that you are disposed to grant these officers some reward for the extra work involved and placed on them by another Department of His Majesty's Government than the one which they directly serve.

Copies of this despatch are being forwarded to the Government of India and to His Majesty's High Commissioner for Irak at Bagdad.

I have, &c.

PERCY LORAINÉ.

[E 319/82/34]

No. 13.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received January 20, 1925.)

(No. 582. Secret.)

Sir,

Tehran, December 31, 1924.

I HAVE the honour to transmit herewith copy of Intelligence Summaries Nos. 51 and 52 for the weeks ending the 20th and 27th instant respectively, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 13.

(Secret.)

Intelligence Summary No. 51 for Week ending December 20, 1924.

Azerbaijan.

1. A Turkish captain, Zaki Bey, arrived in Tabriz about the 8th December on a secret mission to the Turkish consul-general. He returned to Kars via Maku on the 16th.

Kermanshah and Pusht-i-Kuh.

2. Reference paragraph 8 of Summary No. 48. His Majesty's consul at Kermanshah reports on the 8th December that the Member of Parliament who had been sent on a mission to the Vali of Pusht-i-Kuh had returned to Kermanshah, and it was understood that he had been unsuccessful in effecting a reconciliation between the Prime Minister and the Vali. It was reported that the Vali had decided not to oppose the Persian Government, but to take refuge in Mesopotamia should any steps be taken against him.

From other sources it appears possible that the Vali will meet the Prime Minister in Mesopotamia and make his peace.

3. The regular troops of the column, of which the arrival at Kermanshah from Azerbaijan was reported in paragraph 4 of Summary No. 49, moved on to Gilan in the Kalhur country about the 6th December, presumably as a threat against the Vali. It was expected that they would be followed by the tribal contingents.

The strength of the contingent sent by the North-Western Division is now reported to be—

Regular troops—

900 cavalry.

1,200 infantry.

3 guns.

5 machine guns.

900 irregular tribal cavalry.

Tehran.

4. The situation in Tehran is quiet. Preparations are being made for the triumphal entry of the Prime Minister on his return from the "conquest of Khuzestan." He has announced his intention of visiting Nejef and Kerbela and returning to Tehran via Bagdad.

5. It is commonly believed that one of the Prime Minister's objects in visiting Nejef and Kerbela is to endeavour to secure the support of the ulama to his plans for a change of régime.

6. One hundred and fifty employees of the Ministries of Education and Foreign Affairs went on strike on the 13th, as they had received no pay for four months. The personnel of the Ministry for Foreign Affairs resumed work a few days later on receipt of a telegram from the Prime Minister asking them to do so until his return.

7. Orders have been issued by the War Office to general officers commanding divisions to construct hangars on the aerodromes in the area of their commands, as under:—

North-Western Division at Tabriz.
Western Division at Hamadan.
Southern Division at Shiraz.
Eastern Division at Meshed.
Northern Brigade at Enzeli.

Accommodation is to be provided for four machines.

8. Two aeroplanes belonging to the Junker's Company arrived in Tehran carrying mails from Baku on the 13th.

No agreement has, however, yet been made between the Junker's Company and the Persian Government.

9. Wassmuss's application for permission to import into Persia agricultural machinery free of customs duty has been sanctioned by the Council of Ministers (see paragraph 22 of Summary No. 49).

10. An article in the "Mihan" of the 16th December advocates the conclusion of a commercial treaty with France with the object of attracting French capital for the economic development of the country. The French, it is argued, are the most suitable nation for this purpose, as they have no designs on the independence and integrity of Persia.

11. The Persian Minister at Moscow has informed the Persian Government that the Soviet Government is prepared to make proposals regarding its entry into partnership in the Tabriz Railway.

12. A report from a usually good source is to the effect that Soviet consuls-general in Persia will in future be appointed directly by, and will receive instructions directly from, Moscow.

The following are to be consulates-general:—

Tehran.
Tabriz.
Isfahan.
Shiraz and Bushire.
Meshed.

13. Lidin, who was previously Soviet consul at Bushire, has been appointed consul-general at Tehran.

14. The offer of the American Government to use the sum of 110,000 tomans, due from the Persian Government on account of the expenses of the warship which conveyed Mr. Imbrie's body to America, to defray the expenses of Persian students at American universities has been accepted by the Persian Government.

Arabistan.

15. The Prime Minister returned to Ahwaz after inspecting the oil-fields on the 15th December, and telegraphed to Tehran that the Khuzestan question had been settled and that the expeditionary forces were being retained until complete order had been restored.

He also announced that the Khorremabad-Khuzestan road had been opened and that traffic had been resumed.

16. Sartip Fazlullah Khan, the General Officer Commanding the Forces in Fars, who commanded the force that advanced into Arabistan from Belibehan, has been appointed Governor-General of Khuzestan.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, December 20, 1924.

Enclosure 2 in No. 13.

(Secret.)

Intelligence Summary No. 52 for Week ending December 27, 1924.

Turkoman Situation.

1. The inhabitants of Sabzawar in the Khorasan Province telegraphed to the Majlis on the 22nd December complaining that they had no security of life and property owing to Turkoman raids. They had appealed to the General Officer Commanding the Eastern Division, who replied that he was unable to give them military assistance owing to the unsettled state of the Afghan border.

In the Astarabad Province, however, the situation has improved, and Turkoman raids are less frequent.

Gilan.

2. On the 17th December 1,600 cases of ammunition for Russian rifles arrived at Enzeli. Each case is said to contain 500 rounds.

3. Two hydroplanes, presumably for the Junker's service, arrived in Enzeli on the 9th December in packing cases.

Azerbaijan.

4. The General Staff at Army Headquarters state that negotiations are again proceeding between Simko and the military authorities in Tabriz for his surrender. Strong rumours are current in Tabriz that a meeting has actually taken place between Simko and the general officer commanding the division at or near Salmas or Dilman, and that Simko is now at Kuhna Shahr in Persian territory awaiting the orders of Government.

5. It was reported in paragraph 12 of Summary No. 47 that the Russian consul at Urumia was showing no activity. It is now reported that he has resumed his political and propaganda work.

6. Reports from Urumia, Ushnu and Saujbulagh show that all was quiet in those areas early in December.

7. A fire occurred in the arsenal at Khoi on the 25th November, and sixteen persons lost their lives. Practically all the ammunition in store, which probably did not amount to much, was destroyed.

8. Two Russian doctors arrived in Khoi early in December and commenced professional work.

Kazvin.

9. A pro-republican meeting at Kazvin on the 12th December was broken up by the Clerical party. A certain mullah was arrested by the police, but he was released the following day after the bazaars had been closed as a protest.

A local informant considers that the anti-republican party in Kazvin is gaining strength.

Tehran.

10. Great preparations are being made in Tehran for the Prime Minister's return; 50,000 tomans are being spent on arches and other decorations.

11. A movement has been started to erect a statue of the Prime Minister in the main square in Tehran.

12. Zoka-ul-Mulk, the Acting President of the Council, is reported to have received a telegram from the Prime Minister stating that he had had a very gratifying reception in Bagdad.

13. The Valiahd has recently distributed a sum of money—said to be 30,000 tomans—which he has obtained by selling jewelry, for pro-Shah propaganda.

14. There has been a remarkable outbreak of propaganda during the last week among the middle and mercantile classes in favour of Vossuk-ed-Dowleh and the pro-British programme for which is popularly supposed to stand.

15. It is reported from an unreliable source that Shumyatski has stated that he informed his Government, while he was in Moscow, that Reza Khan was sincerely Russophil at heart and could be completely trusted.

Comment.—It is doubtful whether the Russians have complete confidence in Reza Khan since his visit to the south.

16. The "Shafagh-i-Surkh" of the 21st December has a long article pointing out the danger to Persia of the pan-Arab movement in its relation to Khuzestan and urging that decisive steps should now be taken to secure that province.

17. On the 25th December the War Office Parliamentary Committee approved the Conscription Bill, which has been under consideration since June 1923, and it is reported that it is to be brought before the Majlis in January.

18. The Junker's representative has not yet succeeded in coming to terms with the Persian Government regarding the mail contract. It was reported that his proposals had actually been rejected by the Ministry of Posts and Telegraphs, but later information is to the effect that the Prime Minister has ordered that the question is to remain in abeyance until his return.

It is reported that the Junker's Company are asking for a subsidy of 8,000 tomans a month for a bi-weekly service between Baku and Tehran and 4,000 tomans a month for a similar service between Tehran and Isfahan.

The company advertises that it is prepared to take passengers from Tehran to Enzeli at 40 tomans a head, and one trip at least has been made on these terms.

The machines used have 280 h.p. engines and accommodation for four passengers each.

19. It is reported that Khoshtaria has concluded an agreement with the Ministry of Public Works for a fifteen years' concession for the Pir-i-Bazar Railway. The Persian Government is to receive 20 per cent. of the profits.

20. Reference paragraph 1 of Summary No. 25. The application of Masud-ul-Mulk for a concession for the construction of a road from Semnan to Bandar-i-Gaz, which was not approved by the Majlis, has been revised and resubmitted.

21. Farokhi, who was reported in Summary No. 49, paragraph 12, to be in charge of a library in Tehran which disseminates Bolshevik literature, is now leaving for Berlin, where he is to work with Seif Azad, a Persian journalist, editor of the "Azadi Shark" and of the Senaya "Alman wa Shark." Persian papers published in Berlin. Seif Azad was recently in Tehran where he carried on vigorous propaganda in favour of improved Persian-German commercial relations.

22. The French aviator, Berhault, left Bandar Dilam by air for Isfahan and Tehran on the 17th December, and has not been heard of since.

23. Two Germans, Schruher and Norman, who claim to be tourists travelling round the world without money, arrived in Tehran recently and left on the 21st December for Isfahan, Shiraz and Bushire. Judging from their associates in Tehran and from enquiries they made, it appears that the real object of their journey may be to investigate and report on commercial possibilities in Persia.

24. The Persian press announces the arrival at Duzdap of Professor Hertzfeld, the German archaeologist, en route to Meshed.

25. M. Apresov, lately Soviet Chargé d'Affaires, has been appointed consul-general in Isfahan.

26. The Russian radio press for the past fortnight has, as far as Persian affairs are concerned, refrained from anything but colourless comments.

Isfahan.

27. A paper called the "Sidai Isfahan," which has been suspended for three months, has reappeared in Isfahan. It receives a monthly subsidy of 45 tomans from the Russian consul-general, and is in addition paid for articles inserted at his request. It is also subsidised by the Persian General Staff.

28. It is reported that Reza Khan gave 8,000 tomans to the mullahs of Isfahan and gave them his word that he was not favouring British policy in Persia.

Arabistan.

29. His Majesty's consul at Ahwaz reported on the 23rd December that 200 troops had reached Ahwaz, of whom 50 had left for Mohammerah. Three hundred more troops were expected at Ahwaz, of whom 150 were reported to be destined for Mohammerah.

Persian Gulf.

30. His Majesty's consul-general at Bushire reported on the 21st December that the steamship "Niedenfels" had recently landed 900 packages of stores for the Persian army, including four tanks and four lorries, which were assembled in Bushire.

31. The press announces the arrival at Bandar Abbas of the "Pehlevi" on the 22nd December (see paragraph 16 of Summary No. 48).

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, December 27, 1924.

No. 14.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 22.)

(No. 16. Confidential.)

(Telegraphic.)

Tehran, January 22, 1925.

PRIME Minister is allowing prominent Persians to understand that he cannot continue to work effectively in the present conditions and that country must now choose between him and the Shah. He believes influence of Shah and Prince Regent are being used against him ceaselessly and wants the situation cleared up definitely. I gather his present idea is to put an old man on the throne or a minor, but that he does not aspire to the throne himself. I anticipate developments shortly.

Several Persians of standing have tried to obtain my views as regards a change of régime, but I have refused to express any opinion officially or privately on a matter which His Majesty's Government regards as a purely internal Persian affair.

(Sent to India. Copy by bag to Bagdad.)

No. 15.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received January 24.)

(No. 18.)

(Telegraphic.)

Tehran, January 24, 1925.

MINISTER of Public Works sounded me yesterday as regards probable attitude of His Majesty's Government towards scheme which he wishes to include in budget now in the course of preparation as follows:—

New surtax of 2 per batman on sugar calculated to yield 3 [? omitted: to] 4 million tomans a year; possibly similar surtax on tea.

Yield of surtax to be exclusively appropriated to execution defined in programme spreading over five or six years to provide Persia with network of proper metalled roads suitable for mechanical transport.

British and other firms will be invited to tender for construction of roads at competition prices.

All road tolls and all other taxes on transport and merchandise to be abolished. Navaghel to become purely municipal tax.

I told Minister that His Majesty's Government would be more likely to consider such a proposal favourably if debt question were settled and our complaints as regards differential customs tariff satisfied.

Although matter will require careful consideration, I think advantages of freeing trade from these road taxes would appreciably outweigh disadvantages of increased taxation on sugar provided that sugar from Russia paid at the same rate.

Despatch follows.

No. 16.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 13.)

(Telegraphic.) R.

Foreign Office, January 26, 1925.

YOUR telegram No. 16 of 22nd January: Reza Khan and the Shah.

I approve your attitude.

[E 652/82/34]

No. 17.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 4.)

(No. 8. Secret.)

Sir,

Tehran, January 12, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 1 for the week ending the 3rd instant, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 17.

Intelligence Summary No. 1 for Week ending January 3, 1925.

(Secret.)

Gilan.

1. The lease of the buildings, oil reservoirs and pipe-line belonging to the Svenska-Iran, a Swedish company (late Nobels), in Resht, which have been occupied for the last two years by Persaznaft, expired some time ago. The Persaznaft officials have refused to renew the lease or vacate the buildings, and have painted out the name "Svenska-Iran" wherever it occurred on reservoirs, &c. The representative of the Svenska-Iran is still on the premises and dare not leave as he knows he would not be allowed to return.

Kazvin.

2. A column of 700 tribal cavalry from Khamseh, under the command of Ibadullah Khan the brother of Serdar Assad-ed-Dowleh of Khamseh, arrived in Kazvin on the 18th December, and left on the 19th for Kermanshah. They were accompanied by two wagon-loads of Russian rifle ammunition, which had been transported from Resht and may be part of the consignment of 1,600 cases of which the arrival at Enzeli was reported in paragraph 2 of Summary No. 52 of 1924. The ammunition is probably intended for the forces now concentrated against the Vali of Pusht-i-Kuh (see paragraph 3 of Summary No. 51 of 1924).

Kermanshah.

3. No further reports have yet been received regarding operations against the Vali of Pusht-i-Kuh.

Tehran.

4. The Prime Minister crossed the frontier on the 27th December and arrived in Tehran on the 1st January.

Great preparations had been made for his triumphal entry, and it was obviously the intention of his supporters to acclaim him as the hero of great victories. Twenty-one arches were erected in the town on the route which he was to follow to his residence. Cabinet Ministers and prominent officials went miles down the road to meet him, and considerable crowds collected in the town, but they showed very little enthusiasm.

It was reliably reported that a movement had been organised which was to result in his car being stopped in the principal square by a crowd who would clamour for him to allow them to take him to the palace and put him on the throne, but it is understood that, when the Prime Minister heard of this the day before his arrival in Tehran, he forbade it.

5. Five aeroplanes escorted the Prime Minister into the town—two Junkers, the military machine referred to in paragraph 16 of Summary No. 50 of 1924, and two Russian machines.

6. One of the sons of Sheikh Khazal accompanied the Prime Minister from Mohammerah. He is to be given the rank of colonel and appointed an A.D.C.

7. Rumours are still current regarding impending changes in the Cabinet, but there is for the moment hardly a suggestion that there will be in the Majlis any opposition to the Prime Minister himself. Some members, however, profess to foresee an early struggle between him and the Majlis.

8. The Amir Lashkar of the Western Division arrived in Tehran with the Prime Minister, and it is again rumoured that he will not return to his command.

9. Propaganda is now going on in the press in favour of railway construction in Persia. It is stated that the British may be expected to attempt to oppose such schemes, as it is contrary to their policy to encourage the improvement of trans-Persian communications which might facilitate a Russian advance.

10. Reference paragraph 6 of Summary No. 51 of 1924, the employees of the Ministry of Education resumed work on the 28th consequent on the approval by the Majlis of the budget of their Ministry.

11. The press of the 24th December announces that the Persian Government have purchased five more radio installations from Russia, and that these have already begun to arrive in Meshed.

Comment.—This report is not accepted pending confirmation.

12. Jarolimek, the representative of the Junker's Company, has been for some time officially employed in the Persian War Office as Adviser on Aviation on a salary of 350 tomans a month.

13. The contract of Dr. Strunk, the director of the German technical school, has been approved by the Majlis for a period of three years (see Summary No. 44 of 1924, paragraph 14).

14. Among the triumphal arches erected for the Prime Minister's entry to Tehran was one subscribed for by Soviet citizens.

15. It is reported that Tardov, who has been replaced as Soviet consul in Isfahan by Apresov, has been appointed consul at Shiraz in relief of Walden, who has been recalled to Tehran.

16. It is reported that Shumyatski has asked for the despatch from Erivan of Nercis Nercissian, an Armenian who is now Tcheka representative there, for important work in Tehran. This man was previously in Persia and knows local conditions well.

17. It is reported that the War Office have been making urgent enquiries from the Soviet authorities regarding forty cases of machinery which were purchased in Germany by the Persian Government and despatched from Bremen in September, and of which all trace has been lost.

18. The Russian radio press continues to be remarkably innocuous in its publications regarding Persia.

19. Hajji Muin-et-Tujjar, a leading shareholder in the Sharq (Russo-Persian) Trading Company, is reported to be asking for a concession for an electric power scheme in Khuzestan to be worked from the Karun River. It is understood that in this case he is acting on behalf of the Sharq Company.

20. From reliable information it appears that the Turkish Government have recently been taking a much greater interest than formerly in Persian politics and internal affairs.

21. The newspaper "Mihaan" in its issue of the 30th December openly accuses Dr. Millspaugh of being incapable and of leading Persia to bankruptcy by his apathy and inexperience in financial affairs.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, January 3, 1925.

[E 653/82/34]

No. 18.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 4.)

(No. 14.)

Sir,

Tehran, January 15, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 2 for the week ending the 10th instant, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 18.

Intelligence Summary No. 2 for Week ending January 10, 1925.

(Secret.)

Azerbaijan.

1. Reports from Azerbaijan up to the 15th December indicate that the local situation in the province and on the frontier was quiet except for some fracas between Moslems and Christians in the Urumia region, and that no disturbances had followed on the reduction in the strength of local garrisons caused by the despatch of troops to the Kermanshah area.

2. It is reported that the Russian commercial agency in Khoi, which was closed about a year ago, has been reopened and is in charge of a certain Mir Ali, who was arrested three years ago by the Persian authorities and deported to Russia on account of his preaching of Bolshevik and revolutionary doctrines in Khoi.

3. It is reported from Urumia that a certain Armenian doctor, Surine Ter Danieliantz, acts as a Bolshevik agent in Saujbulagh. Early in December he was summoned to the Soviet consulate in Urumia to receive instructions, and shortly after this was overheard to say that, as the Anglo-Russian Agreement had fallen through, anti-British work had recommenced.

Kazvin.

4. Two suspicious Russians, whose names are reported to be Quitan and Khanbarov, arrived in Kazvin at the end of December and proceeded to Kermanshah.

Tehran.

5. Since his return the Prime Minister has visited the principal ulama of Tehran, and has given them money for "distribution among the poor." Several reports received justify the presumption that he is endeavouring to placate the mullahs and to remove their suspicions of his intentions.

6. Judging from the tone of the Tehran press during the last week, it appears that instructions have been issued that political questions are to be avoided and that the need for economic reform should be emphasised.

Considerable attention continues to be paid to the question of railways (see also paragraph 9 of Summary No. 1). Tabriz is, by one paper, claimed to be the city which should first be joined to the capital by a line of railway, both in order to counteract the effect of continual Turkish propaganda and also to facilitate the journey from the capital to Europe. The writer of this article maintains that Turkey is now Persia's greatest enemy on account of her designs on Azerbaijan.

In one paper issue is taken with the theory which, as reported in last week's summary, had been advanced that the British would oppose railway construction in Persia. It is maintained that, on the contrary, the British will assist, provided the claims of Persia's two more important neighbours are balanced.

7. Reference paragraph 6 of Summary No. 1, the name of the sheikh's son who has come to Tehran is Sheikh Abdul Kerim.

8. It is reported that Lidin, the Soviet consul-general in Tehran, has stated that the Soviet Government had given 1 million rounds of rifle ammunition to the Prime Minister for his operations in Arabistan. In paragraph 2 of Summary No. 52 of 1924 it was reported that 1,600 cases, said to contain 500 rounds of ammunition each, had arrived in Enzeli from Russia.

9. Serious efforts are being made by the Russians to secure for the Auto-Iran Company the contract for the motor mail and passenger service between Tehran and Khanikin. This company, though nominally Persian, is to a very large extent under Soviet influence and to some extent financed from Russian sources. The value to the Russians of this service in facilitating the passage of agents and literature to the Irak is obvious.

10. The American advisers have again come in for criticism in the press. The "Mihan" of the 8th January plainly states that the services of the Americans are no longer required for the country and recommends the Government to dispense with them as soon as possible.

11. The press announces that the Ministry of Public Works has asked the Ministry for Foreign Affairs to negotiate with the Dutch Government for the services of a specialist for the improvement of tea-growing in the Caspian provinces.

12. It is announced in the press that the Perso-German Technical School is enrolling pupils and will be opened on the 21st January. It was reported in Summary No. 1 that the contract of the director, Dr. Strunk, had been signed for three years.

13. Information has been received which indicates that negotiations may be in progress between the Persian and Turkish Governments for the despatch of a number of young officers to Turkey for military training.

14. The French aviator, Berhault, who was previously reported to have disappeared after leaving Bandar Dilam for Isfahan by air on the 17th December, arrived in Isfahan on the 5th January. He had made a forced landing in an uninhabited, mountainous district to the south of Isfahan, and had wandered for some days without food before finding a village, where he lay sick and unable to move for some time.

15. It is reported, but requires confirmation, that Serdar Rashid (see paragraph 5 of Summary No. 30 of 1924), who fled to the Irak some time ago, met the Prime Minister at Nejef, was pardoned and returned with him to Kermanshah.

Bushire.

16. It is reported in the Tehran press that the "Pehlevi" arrived in Bushire on the 3rd January.

Baluchistan and Kerman.

17. The Baluchistan agency diary of the 30th November says that Mir Dost Mohamed Khan of Bampur is reported to have 7,000 rifles and a good supply of ammunition and to be talking openly of fighting the Persian Government and to have come to an agreement on this point with Serdar Rustam Khan of Bampur, Zargham-es-Sultaneh.

18. His Majesty's consul at Kerman reports on the 20th November that Vali Mohamed Shirdil (see paragraph 30 of Summary No. 31 of 1924) has sent a sealed Koran promising allegiance to the officer commanding at Bam.

19. His Majesty's consul at Kerman reports that considerable friction exists between the Governor-General and the Soviet consul on account of the latter's incessant interference in local affairs, which had entirely antagonised the decent officials of the province.

20. Reference paragraph 21 of Summary No. 46 of 1924, the agitator Rafai has been allowed to return to Kerman on an undertaking given by himself and his father that he would not again concern himself with local politics.

Dargahi is still at large.

21. Reference paragraph 24 of Summary No. 28 of 1924, His Majesty's consul at Kerman reports that the detachment of troops which had gone to Shiraz from Kerman in June had been sent partly or wholly to Arabistan.

22. Seventy camel-loads of stores purchased in India for the Persian army are reported by His Majesty's consul at Kerman to have arrived at Duzdap in October or November.

Khorasan.

23. His Majesty's consul-general at Meshed reports that a new organisation has recently been formed in Meshed called the "Kumiteh-i-Kargaran" (Committee of Workmen), of which the object is said to be to spread Bolshevistic principles among the working classes. The moving spirit in its formation is the assistant to the Soviet consul-general, a man called Aliov. The members of the committee include three editors of local papers and two police officers.

24. The information from the Persian press regarding the purchase by the Persian Government of five more radio installations which was quoted in paragraph 11 of Summary No. 1 is partly confirmed by the British military attaché at Meshed, who reports that four fourgons containing wireless material had arrived in Meshed and that fourteen more were expected. It was reliably reported that five receiving and transmitting sets had been purchased by the Persian Government from Moscow, but that difficulties had arisen over the payment for these.

The Chief of the Staff of the Meshed Division had informed the British military attaché that Persian operators would be used to work these installations.

25. The British military attaché at Meshed reported in his Summary of Intelligence of the 30th November that serious discontent existed among the troops stationed in Meshed and Buynurd on account of the non-receipt of their pay for over two months. On the 10th January he reported by telegram that a mutiny

had occurred at Bujnurd, certain officers and men refusing to leave the telegraph office, where they had collected, *more Persico*, to appeal to Tehran for their pay, until coerced by machine-gun fire, which was reported to have resulted in the killing of two and wounding of other men. The Bujnurd garrison, excepting a few cavalry, has been recalled to Meshed.

W. A. K. FRASER, *Major, I.A.,
Military Attaché.*

Tehran, January 10, 1925.

[E 715/685/34]

No. 19.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 49.)

Sir,

Foreign Office, February 5, 1925.

THE Persian Minister called to take leave of me this morning. He expressed his great regret at the termination of his long service first in British India and later in London, and spoke of the pleasure which it had given him throughout his career to do all that lay in his power for the promotion of good relations between us. In reply I told him how fully we shared this regret at his departure. His relations with my predecessors and with this Office had always been of the most cordial character, and I echoed the hope which he had expressed that, after conforming with the requirement of the new Persian law which necessitated his present recall, he might again return to represent his country in London.

I asked him on his return to convey to his Government my satisfaction at the satisfactory relations which now prevailed between us, and my earnest desire that the cordiality of our friendship might continue to increase.

I am, &c.

AUSTEN CHAMBERLAIN.

No. 20.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 9.)

(No. 34.)

(Telegraphic.) R.

MY telegram No. 16.

Tehran, February 9, 1925.

Prime Minister yesterday gave representatives of all parliamentary parties four days to find legal way of eliminating Shah and Valiahd; failing decision he would appeal to the people.

(Sent to India.)

No. 21.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 14.)

(No. 39.)

(Telegraphic.) R.

MY telegram No. 34.

Tehran, February 14, 1925.

Majlis passed Bill this morning. It is anticipated that Shah will shortly be invited to return. This lacks confirmation.

(Sent to India. Copy by bag to Bagdad.)

[E 947/136/34]

No. 22.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 16.)

(No. 17.)

Sir,

Tehran, January 19, 1925.

I HAVE the honour to transmit herewith copy of a despatch from Consul Peel, Ahwaz, on the subject of the submission of the Sheikh of Mohammerah to the authority of the Prime Minister.

I have, &c.

PERCY LORAINE.

Enclosure 1 in No. 22.

Consul Peel to Sir P. Loraine.

(No. 52.)

Sir,

Ahwaz, December 19, 1924.

I HAVE the honour to enclose a transliteration of the telegram recently sent by his Excellency the Sheikh of Mohammerah to the Majlis at the dictation of his Highness the Prime Minister.

I have, &c.

E. G. B. PEEL.

Enclosure 2 in No. 22.

Translation of a Telegram from the Sheikh of Mohammerah to the Persian National Assembly.

ALTHOUGH I was entirely disappointed, I have now full confidence in the benevolence of his Highness the Prime Minister and the commander-in-chief especially in pardoning me, with magnanimity, for past events.

I express sincere regret for the events which were caused by intriguers.

It is the duty of all sincere servants of Persia and true patriots to appreciate his Highness's services and to obey his authority throughout the country.

I, as descendant of those who had spent their lives in the service of the Government, consider my honours to be due to my patriotism and to my services to the Government. I am most grateful to his Highness. May the Almighty punish the intriguers who have been the cause of trouble in the country and ignominy to public servants.

I specially wish to inform the honourable Deputies that, by his Highness's kindness, I am now maintaining my honours; I hope that as long as I am alive I shall not fail to render service to his Highness and that the country will also derive benefit while he remains in power.

[E 948/95/34]

No. 23.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 16.)

(No. 20.)

Sir,

Tehran, January 21, 1925.

YOU are doubtless aware that the Persian Government have up till now failed to carry out their undertaking to engage a European or American Director-General of Posts, and you will remember that the British post-offices in the Persian Gulf were closed and the entire postal services handed over to the Persian postal administration only on condition that such an appointment was made; furthermore, in response to the request of His Majesty's Government that a European inspector-general should likewise be appointed to supervise and control the postal administration in the south, the Persian delegates, in the course of the conference held at Bushire in December 1922, made a declaration on behalf of the Persian Government that such an official (M. Chauviaux) already fulfilled the functions mentioned, and that the Persian Government intended to retain his services for a number of years.

[13550]

The situation when I left Tehran in March last was that M. Pire, a comparatively junior Belgian official, was acting as director-general in Tehran, while M. Chauviaux had been got rid of and replaced by a Persian. On my return to Tehran a month ago I found that there was no longer a single foreign official in the postal administration, M. Pire having remained in Europe since the Stockholm Postal Congress, where he had acted as assistant to the Persian delegate, Fahim-ed-Dowleh, and there being no apparent intention of recalling him to Persia to resume any duties under the Ministry of Posts. The Minister of Posts is Serdar Assad Bakhtiari, a gentleman doubtless possessing many admirable qualities, but among which a competent knowledge of postal affairs cannot be included. The Under-Secretary of State is Mukhber-ed-Dowleh, who has held that post, off and on, for a long period of years, and, though hardly a blameless official, has nevertheless an intimate knowledge of the details of the administration, even if he does not always use that knowledge to the benefit of the public interest. The Persian official in the south, Mirza Rahim Arjomand, is, I believe, an honest and personally meritorious man, but lacking the necessary experience and authority. In the Tehran administration there is a gang of employees, organised into a kind of trade union, with an eye wide open to the main chance, and, I fear, with slightly communistic leanings.

Another important element in the situation is the serious friction which exists between the postal administration and the American adviser. Dr. Millspaugh has tried to bring the postal administration under the Treasury Law, which centralises all receipts and expenditure; the Post Office has resisted by every means in its power any serious control by the Ministry of Finance and any curtailment of the practical financial autonomy which it formerly enjoyed. The struggle has developed into a personal one of great bitterness between Dr. Millspaugh, on the one hand, and M. Pire and Mukhber-ed-Dowleh, on the other.

I recently had a conversation on the subject with Dr. Millspaugh, who explained to me his difficulties in this regard, and seemed to suggest, for reasons which I was and still am unable to fathom, that this Legation was in some way countenancing or backing the recalcitrants in the Ministry of Posts and encouraging their resistance to reform or financial control. I did my best to disabuse Dr. Millspaugh of this ludicrous idea, and assured him that the sole desiderata of His Majesty's Government were that the Persian Government should observe its obligations and that the postal administration should provide the foreign as well as the native public in Persia with an efficient postal service. As regards the question of applying the Treasury Law, that did not concern us; it was a domestic Persian affair, and if Dr. Millspaugh was going to clean the Augean stable of the postal administration I wished him every success. Thereupon Dr. Millspaugh said in a rather guarded way that he did not aim at placing an American citizen at the head of the postal administration, and would be well satisfied with the engagement of a Belgian. I said that all we required was the fulfilment by the Persian Government of its obligations, and we did not care who the new director-general was so long as he was a competent foreign official of sufficient standing and authority.

I have the honour to inform you that, having thus satisfied myself that the situation as regards the postal service was most unsatisfactory, I immediately took up the matter with the Persian Government. I sent a strong message to Mukhber-ed-Dowleh to say that unless prompt measures were taken there would certainly be a grave scandal as regards the postal administration, and the brunt of it would unfailingly fall on him owing to his long and intimate association with that department. I urged him to initiate himself a programme of reform and to press for the appointment of a foreign director-general. I took advantage of an interview with Serdar Assad to explain to him the miserable state of the services for which he was responsible, and emphasised the importance of the Persian Government fulfilling its undertaking to us, which had better be done spontaneously and without awaiting pressure from outside, under which the Imperial Government would have the appearance of capitulating. To the Minister for Foreign Affairs and the Prime Minister I held similar language.

The effect produced was, for Persia, almost startling in its rapidity, for a resolution was immediately brought before the Council of Ministers to sanction the engagement of a Belgian director-general. When I saw the Minister for Foreign Affairs on the 14th instant I again took up the subject. Moshar-ul-Mulk told me that as a result of the Cabinet discussion the Minister of Posts had been directed to put forward a proposal for the engagement of a high Belgian official for Tehran. The matter would then be taken up either through the Belgian Legation here or through the Persian Minister in Brussels. The question of an inspector-general would be left in abeyance

until the new director-general had reached Tehran and reported to the Government in regard to the requirements of the postal services in the south.

I may add, in conclusion, that the Minister for Foreign Affairs has been helpful in this matter and that Serdar Sepah, when I explained to him the true situation, of which he was unaware, said characteristically that, as the Persian Government had accepted an obligation, that obligation must be fulfilled.

I am forwarding copies of this despatch to the Government of India, to His Majesty's High Commissioner at Bagdad and to His Majesty's consul-general at Bushire.

I have, &c.
PERCY LORAINÉ.

[E 949/256/34]

No. 24.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received February 16.)

(No. 22.)

Sir,

Tehran, January 20, 1925.

BESIDES the political aspects, both domestic and foreign, of the recent difficulties in Arabistan, there were certain economic considerations influencing the action of the Persian Government, to which I have the honour to draw your attention.

In my despatch No. 519 of the 14th November, 1923, to the Marquess Curzon of Kedleston, I expressed the view that the vivid and persistent interest of the Persian Government in Arabistan was in no small degree due to the realisation that Mohammerah is the true outlet of Persia and to the determination to open up direct communication between Tehran and Mohammerah. Subsequent events have, I think, conclusively demonstrated the accuracy of the view then expressed. When I saw Serdar Sepah at Ahwaz in the early days of December his anxiety about the road through Luristan and his keenness to have it opened up with the least possible delay were hardly less pronounced than his preoccupation with regard to the affairs of the Sheikh of Mohammerah. His Highness told me on that occasion that he considered this road to be a matter of vital importance for Persia, that there only remained about 140 miles to be built before it reached the Arabistan plain, and that the work would be pushed on with the utmost vigour. He added that the ground was not nearly so difficult as that on the western road to Khanikin or the southern road to Bushire, the mountains being neither as high nor as formidable an obstacle, while the country through which the road passed was rich in agricultural and mineral resources.

In the course of an interview last week Serdar Sepah again alluded to this enterprise and made to me an interesting statement on the subject. His Highness said that the Persian Government had quite made up their minds to create this line of communication; they were equally decided that, whether it was a road or a railway, it must be built either by the Government or by a Persian company. He recognised himself that, so far as foreign interests were concerned, those of Great Britain stood foremost in that part of the world, and he pledged himself that they would be completely protected. He added that, even if another country offered him 100 crores of tomans to build this line of communication, he would reject the offer without discussion. He hoped that Persia would have no need of outside assistance, but, if she did, it would be to His Majesty's Government that his Government would turn first, and he thought that might happen shortly.

I expressed in reply my conviction that this recognition of the importance of British interests in South-West Persia would be appreciated by His Majesty's Government, and then put two questions to his Highness: What did he mean by a Persian company? What forms of assistance did he intend to seek from Great Britain?

Serdar Sepah said that by a Persian company he meant one whose capital and management was entirely in Persian hands. As regards the second question, he was not able as yet to give me an answer, for the matter had not yet been fully discussed; he would let me know in due course.

I very much doubt the possibility of a Persian company, according to his Highness's definition, being formed or being successful in its operations; but, if I am correct, the Persians will find this out for themselves in course of time. As regards the other matter, I feel tolerably sure that the Persian request will be for your concurrence in a further surtax on sugar, in some form or another, of 2 krans per batman, from which an increase of revenue is anticipated to the amount of some 3 or 4 million tomans a

year. Perhaps also a similar imposition on tea. These proposals have been mentioned to me privately both by the Minister for Foreign Affairs and Dr. Millspaugh. My observation on either occasion was that His Majesty's Government would be more likely to consider such proposals favourably if the question of the Government debt to His Majesty's Government was settled first, and if the customs dues were collected at a uniform rate on all the frontiers of Persia, instead of Russian goods being admitted at a lower rate, with the result that the trade of other foreign Powers friendly to Persia and possessing well-defined treaty rights was being unfairly penalised, and at the same time Persia herself was being defrauded of a considerable annual revenue.

I have, &c.

PERCY LORAINÉ.

[E 950/950/34]

No. 25.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received February 16.)

(No. 28.)

Sir,

Tehran, January 27, 1925.

IN my despatch No. 387, Confidential, of the 30th August, 1923, I acquainted the Marquess Curzon of Kedleston with the circumstances in which I had established personal relations with Prince Firuz, Nosret-ed-Dowleh. The Prince, shortly after the two conversations which I had with him at that time, left Tehran to take up his appointment as Governor-General of Fars, and he was still in Shiraz at the moment of my departure on leave in March 1924. He had, however, been elected meanwhile as a Deputy in the fifth Majlis, which is now sitting, and he returned to the capital in the spring of 1924 to resume his parliamentary duties.

I have the honour to inform you that Prince Firuz has faithfully observed the understanding reached with me in August 1923 to cease his opposition to British interests. His Majesty's consul at Shiraz was more than satisfied with the manner in which Prince Firuz behaved during his governorship of Fars, and expressed his appreciation of the consideration which His Highness uniformly showed for British interests. Since his return to Tehran the Prince has not been associated with any of the anti-British elements in the Majlis and, indeed, at one time he rendered a distinct service to British interests by successfully canvassing the votes of his political friends in the Chamber to secure the passage of a Bill authorising the payment of 320,000 tomans to settle the long-standing claim of Messrs. Stevens and Boudaghiantz in respect of navigation rights on Lake Urumia.

When I returned to Tehran last month I heard further evidence of the Prince's changed dispositions, and this was corroborated by his amiability of manner at a reception which I gave for Persian Ministers, officials and notables shortly after my arrival. Later on, Prince Firuz sought a personal interview with me in this Legation and I subsequently returned his visit. Long conversations took place on each occasion, the gist of which was as follows: Prince Firuz maintained that he had never really abandoned his conviction that good relations with Great Britain were a necessity for Persia; he did not demur to my suggestion that his behaviour after the Sayyid Zia *coup d'Etat* and for a period of two-and-a-half years had been inconsistent with his professed convictions; and that, by his antagonism to British interests during that period, he had rendered a positive disservice to his own country, inasmuch as he had contributed largely to the estrangement between our two countries and had done what he could to retard the resumption of more cordial and useful relations. He accepted the reproach that he had acted with discourtesy towards me personally on my arrival. His Highness said that long ago he had realised that the line which he had taken up was doomed to failure and had wished to put an end to the situation in which he found himself, but his pride had been deeply wounded and he clung to his attitude in the hope of eventually emerging with the honours of war and British respect for an adversary who had stoutly engaged a hopeless action. He hoped that we would now consent to close and seal the chapter, and trust him in future to do all he could to further the maintenance of friendly and cordial Anglo-Persian relations.

I told His Highness that for my part I was willing to turn over the page and start a new one, but the issues raised by his unfriendly attitude transcended the mere question of his relations with myself, and had assumed a wider political importance. I should therefore have to refer the statements which he had made to my Government, who had felt deeply about the matter, and request their instructions. I could, however,

tell him already that such relations as we were to have could not be on the same basis as those which he had previously enjoyed with His Majesty's Legation. We did not need any instruments of policy or any "agents" among Persian politicians: we did our business with the Persian Government, but we were glad to be in friendly touch with political personages who sincerely believed that the best method of attaining their patriotic ambitions was to cultivate and foster good and cordial relations with Great Britain. If the Prince's convictions were as he described them, I had hopes of a fruitful association. I wished him, however, to understand clearly that we did not wish to weigh on his convictions or control his judgment; the only undertaking that I demanded of him was that, if on any matter affecting British interests he took a view contrary to the one held by us, he should inform me frankly to that effect. We should then know where we stood. His Highness gave this undertaking without hesitation.

The remainder of the conversations was devoted to a variety of topics of current interest, but one portion of it may be worth recording. I asked Prince Firuz how he regarded the present disposition of intelligent Persians, and especially of the Majlis, towards Great Britain. His Highness said that the position in this respect had improved out of recognition since my arrival here three years ago; there were still some persons, but mostly of inferior education or actuated by personal motives, who were suspicious of our motives and somewhat sullen; but all animosity had entirely disappeared and the desire for a rapprochement was becoming more general and more pronounced. I then asked whether the atmosphere was sufficiently favourable, in his opinion, to secure a settlement of the Persian debt to His Majesty's Government on equitable terms, as we should regard such a settlement as a proof of the sincerity of Persia's desire to get on better terms with us. Prince Firuz said that if the Majlis was approached brusquely on that subject we might fail to get their acceptance of any proposals I might have to make, but given a little time to cultivate the more friendly disposition to which he had alluded, to persuade individual members of the necessity of discharging a proper obligation and removing this bar to closer relations, he believed the desired result could be achieved. His Highness spontaneously pledged himself to do everything in his power to prepare the ground for a favourable reception by the Majlis of any proposals we might eventually make which took account of Persia's difficulties and penurious state.

I am of opinion that Prince Firuz has been thoroughly chastened during the last few years, and has now recovered his mental equilibrium. Anything in the nature of a political association with him or any other Persian politician should of course be avoided, and it was for that reason that I defined with some precision the limits of any future relationship between us. I do not, however, think, now that Prince Firuz has offered his collaboration, in his own country's interests, in furthering the cause of good Anglo-Persian relations, we should reject his voluntary assistance. He has now expressed in some sort his contrition for the recent past, and as he still enjoys considerable influence in the Majlis and commands the votes of a certain number of Deputies, it would, I think, be ungenerous to spurn his advances and unwise not to encourage the use of his influence in the right direction. I trust, therefore, that you will authorise me to tell him that you have received my report of these conversations, and that you are willing to regard the period of his recent activities as a closed chapter, subject to the stipulations which I made in regard to his future relations with this Legation.

I am forwarding copies of this despatch to the Government of India and to His Majesty's High Commissioner at Bagdad.

I have, &c.

PERCY LORAINÉ.

[E 951/84/34]

No. 26.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received February 16.)

(No. 31.)

Sir,

Tehran, January 29, 1925.

I HAVE the honour, with reference to my despatch No. 22 of the 20th instant, to acquaint you more fully with the suggestions recently made to me in conversation by the Persian Minister for Public Works, which formed the subject of my telegram No. 18 of the 24th January. I must say here, however, that I have since ascertained from the Minister for Foreign Affairs that Serdar Muazam acted on his own account

and was not entrusted by the Persian Government with any mission to sound me in regard to the probable attitude of His Majesty's Government towards the suggestions which he outlined.

2. Serdar Muazam proposed the institution of an extra charge on imported sugar of 2 krans per batman; the proceeds of this impost, estimated at 3 to 4 million tomans a year, were to be appropriated by law for the special purpose of constructing and maintaining a number of properly metalled roads, fit to carry mechanically driven transport and designed to link together all the important commercial centres of Persia. The programme of construction was to be spread over a period of years, say, five or six, and would also be fixed by law. In return for this and in order to encourage commerce, all road tolls and all other taxes and charges now levied on merchandise and means of transport proceeding along the Persian high roads were to be abolished, with the exception, of course, of the customs dues at the port of entry or frontier station. Serdar Muazam further stated that these would be Government roads, but that the Persian Government would be agreeable to their construction on Government account by competent foreign firms, on the principle of competitive tenders; he added, in response to an enquiry, that tenders from British contractors would be welcomed, and he promised to let me have a list of the roads of which the construction was contemplated, and such details as regards requirements as were available. He expressed a desire to be made aware of the views of His Majesty's Government as soon as possible, as he wished to secure the insertion of the necessary provisions in the budget for the financial year 1925-26, the draft of which ought to be submitted in about three weeks' time.

3. I said that the proposal was a far-reaching one, and, if brought forward in any concrete form, would require careful study by the competent Departments of His Majesty's Government, and also, maybe, by certain chambers of commerce, who were pertinently interested in conditions in Persia; I did not think it possible, therefore, to obtain an expression of your views in so short a time. I could not, moreover, prejudge the attitude of His Majesty's Government, and, even if I went on to make some personal comment on the suggestions he put forward, I must make a distinct reservation as regards your attitude.

4. At first sight, I went on to say, the proposal seemed to me an interesting one: the idea of building a series of proper modern roads and of suppressing altogether the road tolls and other oppressive charges which now lay like a dead weight on the movement of merchandise commanded my entire sympathy. I believed that the removal of these impositions would confer a great benefit on Persian trade, and thereby on foreign trade with Persia, and that on the balance Persia stood to gain far more than she lost by the suggested transaction. The present impositions were very expensive to collect, and probably 65 per cent. of the revenue one way and another never reached the Persian Treasury. From the angle of British interests, however, seeing that a large portion of the sugar trade was in British hands, we should have to compare available figures and see where the balance of advantage lay. I also saw in these proposals a possible solution of the vexed question of "Navaghel." This tax really had two functions: it was in part a tax on the movement of merchandise, and, as such, in our opinion, infringed our commercial conventions and treaty rights; it was also in part a municipal tax, which we had not recognised, but, as had already been said in correspondence with the Persian Government, I was willing to recommend to the favourable attention of His Majesty's Government some scheme of municipal taxation corresponding to definite municipal services rendered, provided that the whole matter were regulated by a law applicable in a uniform manner throughout Persia. Serdar Muazam said that, in his view, the distinction was a correct one and should be established; he contemplated the suppression of "Navaghel" in its first aspect, and saw the advantage of its municipal character being safeguarded in the way which I had indicated.

5. I then remarked that there were some other and wider considerations which occurred to me. The proposals directly affected two matters which had an interest for us: firstly, the general revenue of the Persian Government; secondly, the customs dues, for, whatever the new tax was given, it would be in effect an augmentation of the dues levied on imported merchandise. I did not think that His Majesty's Government would be found lacking in sympathy for any project designed to produce a legitimate increase in the revenues of the Persian Government, but I felt sure they would feel far better disposed to facilitate the collection of fresh revenue if the debts owing to them from the Persian Government were discharged. Secondly, any increase of customs dues was certain to elicit a reference in London to the differential

tariff which the Persian Government were tolerating, to the detriment of British and the benefit of Russian trade with Persia. I did not wish to see these questions linked up, but I very much feared that His Majesty's Government, if asked to help in securing to Persia fresh sources of revenue, would ask for a prior settlement of the two other questions. In any case, should Serdar Muazam's proposals, on closer investigation, prove to be advantageous, or at least unobjectionable, I should be in a much stronger position to advocate their favourable consideration, if satisfaction had been given to His Majesty's Government in respect of these two important and essentially legitimate causes of complaint.

6. Serdar Muazam said that, as regards the Government debt, he fully agreed that the matter ought to be settled, and he would use his personal influence to secure the acceptance of any fair proposals we made to the Persian Government for that purpose. As regards the tariff question, he was unaware of the situation, and I had to explain it to him. When I had done so he recognised the justice of our grievance, and in this matter also promised to do all he could to get the matter put straight, attacking in the first place the discriminatory dues levied on sugar.

7. Although Serdar Muazam did not speak on behalf of the Persian Government, I think that some proposal similar to the one which he outlined will be made in due course, and it may be convenient for His Majesty's Government to examine the matter in its connection with British interests. I am myself of the opinion that the proposal, taken on its merits and divorced from the other general considerations to which I have alluded, deserves serious consideration, and that it would even be worth some sacrifice to get rid once and for all of these oppressive charges on transport; also we should gain enormously by improved roads, and proportionately far more than our commercial rivals. Furthermore, there is a possibility of securing contracts for British enterprise to participate in creating this new network of motor roads. All these advantages are serious ones, and I do not anticipate that the 2-krans surtax proposed would inconvenience at all seriously the sugar traders—for the consumer would presumably pay it in the end.

8. I should add that Serdar Muazam also mentioned a similar surtax on tea, but at the end of the conversation said he was willing to abandon this proposal if the tax on sugar were secured.

I have, &c.

PERCY LORAINÉ.

P.S.—I enclose herein a list of the roads to be built, since received from Serdar Muazam. Those which are of particular interest to us are Nos. 1, 7, 9, 10 and 11.

Enclosure in No. 26.

List of Roads to be Constructed.

- | | |
|----------------------------|--------------------------|
| 1. Tehran-Kazvin-Khanikin. | 7. Meshed-Duzdap. |
| 2. Kazvin-Enzeli. | 8. Meshed-Houdan. |
| 3. Kazvin-Tabriz-Koi. | 9. Tehran-Bushire. |
| 4. Tabriz-Julfa. | 10. Tehran-Mohammerah. |
| 5. Tehran-Meshed-i-Sar. | 11. Bunder Abbas-Kerman. |
| 6. Tehran-Meshed. | |

[E 952/82/34]

No. 27.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received February 16.)

(No. 34. Secret.)

I HAVE the honour to transmit herewith copy of Intelligence Summary for the week ending the 17th instant, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 27.

Intelligence Summary No. 3 for Week ending January 17, 1923.

(Secret.)

Gilan.

1. A Russian, Selinkov, who is reported to be the chief inspector of the Centroyuz, arrived in Enzeli by aeroplane on the 22nd December.
2. Twenty-three motor-cars purchased by the Persian Government from Germany arrived in Enzeli on the 24th December.

Mazanderan.

3. The inhabitants of Amul in the province of Mazanderan have protested to the Majlis against the excessive export of rice to Russia, which has already seriously inflated the price, and will, they say, result in famine if continued.

Azerbaijan.

4. Reference paragraph 4 of Summary No. 52 of 1924, recent information from Azerbaijan tends to confirm the report that Simko had made proposals for his surrender, but that the terms he has demanded are not likely to be acceptable to the Persian Government.

Kazvin.

5. It is reported from Kazvin that a Russian called Franz passed through on his way to Kermanshah, where, it was said, he was to relieve Okhtin as Soviet consul. The latter part of this report requires confirmation.

Tehran.

6. Representatives of the Tehran Republican Committee visited the Prime Minister recently and asked for instructions. It is reported that they received the reply that the Prime Minister had no objection to their continuing quiet and unobtrusive work in a manner that would not come to his notice, and that he would give definite instructions after the Persian New Year.

There are at present no indications that pro-Republican agitation is being pursued with any enthusiasm or energy in any part of Persia.

7. A committee has recently been organised in Tehran called the "Hizb-i-Pehlevi," under the presidency of the Military Governor of Tehran, Sartip Morteza Khan. The members, as far as they are known, are staunch supporters of the Prime Minister, principally military officers and merchants. They are working in great secrecy, and their objects are not yet known, but it is reported that they are neither pro-Republican nor anti-religious. They are in communication with the general officers commanding divisions, and are reported to be paying particular attention to the provinces of Gilan and Azerbaijan.

8. The question of the construction of railways in Persia continues to receive attention in the press. Leaders, probably inspired, attempt to refute the view that it is necessary to consider in this matter the political interests of foreign Powers, who can have no reasonable objection, provided the construction is carried out by a neutral or Persian concern. The "Shafagh-i-Surkh" of the 11th January, in discussing this question, argues that "too much consideration of foreign interests has hampered Persia in the past. There may be Governments who do not desire that the Persian Government should have troops in Khuzistan, or that Simetku should be rooted out, or the Turkomans subjugated, or a sugar factory established in Persia." These, like the construction of railways, are held to be purely domestic questions in which the interests of foreigners need not be allowed to have influence.

9. With reference to paragraph 21 of Summary No. 42 of 1924, the terms of the proposal of the Letellier group for a loan of 50 million dollars to the Persian Government are published in the press of the 13th January. The loan, it is said, is to be international and free from all political considerations; not more than 20 per cent. of the total loan is to be allotted to any one country. The total amount of the loan is to

be expended on railway construction, and it will be paid to the Persian Government either in cash or in railway material, as they may desire. It is to be secured on—

- (a.) The concession of the oil-fields of the northern provinces;
- (b.) On a prior right to be given to the Letellier group for the exploitation of mineral resources in Persia and the development of agriculture and industries;
- (c.) On the material of the projected railway.

Securities (b) and (c) are not to be utilised, unless the income derived from the exploitation of the northern oil is insufficient for the liquidation of the loan. The share of the Persian Government is to be 20 per cent. of the net profits. Of this amount 75 per cent. is to be allotted for the liquidation of the loan.

It is understood that these proposals are not taken seriously in informed circles.

10. It is reported that a certain Maximov, who arrived in Tehran at the end of December, is representing a French financial group interested in securing railway and mining concessions in Persia, and willing to make a loan to the Persian Government secured on such concessions.

11. Reference paragraph 17 of Summary No. 48 of 1924, the work of erection of wireless installations in Persia is in charge of a Russian engineer named Sarevna, who is now on a tour of inspection of sites at Isfahan, Shiraz, Hamadan, Tabriz. As already reported, work has begun, but is progressing slowly, on the erection of the main station at Tehran, but none of the other installations have yet been despatched to the provinces.

12. Corroborative information has been received that the subsidy asked for by the Junkers Company for a service twice a week between Tehran and Baku and once a week between Tehran and Isfahan is 11,000 to 12,000 tomans. It is reported that the American Financial Adviser considers this sum excessive, and is opposing the grant of a contract on these terms. The Prime Minister, however, is anxious that negotiations should not break down and that the scheme should be given a trial, and he has instructed the Director of Posts and Telegraphs to formulate a project to be set before the Majlis.

13. For some time it has appeared that the Bolsheviks are endeavouring to increase their influence among Persian Armenians, and recent reports show they have turned their attention particularly to Armenian institutions, such as schools, into which they are trying to introduce Communists as teachers. In one at least of the schools in the vicinity of Tehran they have been successful, and a recent arrival from Russia, an Armenian named Mehrabian, who is reported to be a Communist agent, is allowed to lecture in Armenian schools in Tehran. In these cases, it is said, the Bolsheviks contribute to the expenses of the institution, and they are offering to do so in other cases, notably at Isfahan, where Apresov, the Soviet consul-general, is reported to have recently collected the political workers and school teachers of the Julfa Armenians and to have made offers of financial assistance, provided that the institutions were put under the control of the Communists. Apresov's principal agent in this matter is an Armenian called Luki, said to be a British subject.

The Dashnak Committee in Tehran has information that Apresov is now working to persuade Isfahan Armenians to ask for the appointment to the vacant See of Julfa of a certain priest now in Soviet Armenia, who, he considers, would serve the Bolshevik cause. The Julfa See, it is understood, extends as far as Calcutta. The Tehran Dashnak party believe that their sympathisers in Isfahan may not be strong enough to defeat the schemes of the Soviet consul-general. They are fully alive to the danger of the appointment of a Bolshevik nominee as Archbishop of Julfa, and have commenced work for the transfer of the headquarters of the see to Tehran or Sultanabad, where, they consider, Armenians are better able to withstand Russian influence.

There is also reliable information that the Soviet consul in Ahwaz is endeavouring to establish influence among the employees of the Anglo-Persian Oil Company.

14. It is reported that about the 16th December, Tardov, the Soviet consul-general in Isfahan, asked the General Staff in Isfahan to inform the Prime Minister that his Government were prepared to guarantee the security of North Persia if Persian troops were withdrawn to the south. Although the source of this report is not completely reliable, it is not impossible that it may be partially or wholly true in view of reliable information from an independent source that the Persian Government were afraid that disturbances in the north might follow on a reduction of garrisons. The rumours reported in paragraph 11 of Summary No. 48 of 1924 to the effect that the Soviet

Government were preparing to concentrate two corps on the Persian frontier to assist the Persian Government may have been circulated in connection with this.

15. A branch of the Eastern Textile Syndicate, of which M. Shumyatski is said to be a director, has been established in Tehran, and is in charge of a Caucasian, Ali Bagirovitch. Branches already exist in Resht, Meshed and Tabriz.

16. Reference paragraph 21 of Summary 52 of 1924, Farrokhi has not yet left for Berlin as he has been refused a visa for transit through Russia by the Soviet Legation. It was reported that this was due to personal enmity which has existed for some time between him and Shumyatski. The latter does not wish Farrokhi to go to Moscow, where he fears he may make unfavourable reports to the Central Communist Committee, with whom he has for some time had close relations.

Isfahan.

17. At the end of December a notice was issued in Isfahan that the Aero-Perse Company intended shortly to send one of their machines to Isfahan on a trial flight, and that on its return journey to Tehran there would be accommodation for six passengers at 500 krans a head.

The Aero-Perse Company is the Junkers' venture.

Luristan

18. Reliable information is to the effect that operations for the subjugation of Luristan are being planned to take place in the spring. It is possible that the troops detached to the Kermanshah area from the north-western division may be retained with the western division for these operations.

Khuzestan.

19. It is announced in the Tehran press that the expeditionary forces despatched to Khuzestan will remain in occupation of various localities in the province until the spring, when fresh orders will be issued by the Prime Minister.

From Isfahan also it is reported that the General Staff of the southern division have been informed by the War Office that the present dispositions of the division will hold good until the spring.

W. A. K. FRASER, Major I.A.,
Military Attaché.

Tehran, January 17, 1925.

[E 953/82/34]

No. 28.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received February 16.)

(No. 35. Secret.)

Sir,

Tehran, January 29, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 4 for the week ending the 24th instant, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINE.

Enclosure in No. 28.

Intelligence Summary No. 4 for Week ending January 24, 1925.

(Secret.)

Turkoman Situation.

1. A serious raid by Turkomans in the district of Simalkan is reported by the General Staff to have taken place about the 15th January. According to a report from Bujnurd, the raiders were engaged by the irregular forces of the Serdar of Bujnurd, who accounted for fifty Turkomans and recovered 20,000 looted sheep. As it appears possible that this report may have emanated from the Serdar himself, it is possibly an exaggeration.

2. The chief of the General Staff, in discussing the Turkoman situation, stated that there was still no reason to believe that the present disturbed condition was due to anything more than Persian political intrigues emanating from Tehran. The

situation had been aggravated by the inefficiency of the Eastern Division. The present policy of the Government, as far as he knew it, was to improve defensive measures, to endeavour to sterilise the intrigues which were now exciting the Turkomans, and to subsidise tribal chiefs to keep order. There was no intention at present of embarking on aggressive operations against the tribes.

Azerbaijan.

3. It is reported in Tehran that the General Officer Commanding the North Western Division has been summoned to Tehran by the Prime Minister.

4. His Majesty's consul at Tabriz reports that 15,000 labourers, who have been collected under the corvée system, are said to be working on the Tabriz-Zenjan road, mostly near the Kufan Kuh.

5. His Majesty's consul at Tabriz reports that a Russian engineer was in Tabriz at the end of December who said he had come there to erect a wireless station for the Russian consulate-general. He added that a site had already been chosen near the old Russian consulate-general.

6. The Russian club in Tabriz has started weekly theatrical performances of propaganda plays.

Tehran.

7. During the past week it has been reported that the Prime Minister has on more than one occasion made the statement that matters were rapidly coming to the point where a choice would have to be made between himself and the Shah; the intrigues of the latter were making his position impossible, and were nullifying his attempts at reform. It is now hardly a secret that the Prime Minister is in favour of bringing the question to a definite issue at an early date. It is reported that he does not intend to attempt to secure the throne for himself, and will be content with a puppet Shah—perhaps one of the younger Princes with himself as Regent. It is not yet known by what means he hopes to bring this about; if by a referendum to the country, it seems that sufficient preliminary work to safeguard against the danger of a fiasco has not yet been done among the people. He continues to make efforts to get the clergy on his side and to persuade them to abandon the view, which some of them are reported to have adopted, that the Shah, having committed no crime against the Constitution, cannot constitutionally be deposed. The Military Governor of Tehran, one of his most faithful lieutenants, has recently commenced to plan a demonstration in the Majlis by a crowd of merchants and shopkeepers, who will demand the deposition of the Shah and take sanctuary in the Majlis buildings.

It is also reported that the Prime Minister has recently been sounding the leaders of parties in the Majlis as to the sentiments of their followers regarding the deposition or retention of the Shah.

8. On the 17th January the Minister of the Interior, Amir-i-Iktedar, was arrested by the orders of the Prime Minister. This created considerable surprise as he was believed to be a close personal friend and a strong political supporter of the Prime Minister, whom he had accompanied on his journey to Mohammerah and Bagdad. The reason for his arrest has been kept a close secret. Two theories are common: that he was intriguing with the Royalist party, and that he was inciting the Serdar of Bujnurd, who has lately been allowed to return to his country (see Summary No. 42 of 1924, paragraph 1) to some disloyalty to the Prime Minister. He has been deprived of his military rank and all honours, and is in close confinement.

9. Except for some minor propaganda in favour of the Prime Minister, the Tehran press has avoided politics and has confined itself to economic and commercial questions during the week.

10. One of the Tehran papers states that unofficial information has been received that the Sinclair Company has not entirely abandoned the idea of taking up the Northern Oil Concession, and may soon make a fresh proposal to the Persian Government.

11. Cold water has been poured on the Letellier proposals (see paragraph 8 of Summary No. 3) by the editor of the "Sitareh-i-Iran," who states that careful enquiries made from a quite reliable source have elicited the information that the Letellier concern has not the financial position necessary to float so large a loan.

12. A leading article in the "Iran" of the 21st January supports the scheme for the immigration of German colonists to Persia, which, it is considered, may result in considerable benefit to Persia through the introduction of scientific methods of agriculture. The Government is advised to grant generous terms of land tenure and to do all possible to attract colonists.

13. In continuation of paragraph 13 of Summary No. 3, a report has been received from a reliable source that Borisovski, one of the secretaries of the Soviet Legation, in an interview with a leader of the Armenian Dashnak party in Tehran, told him that the representatives of the Dashnaks and of Armenian émigrés in Paris had decided to come to terms with the Soviet Government. He therefore advised the Dashnak party in Tehran to refrain from further anti-Bolshevik activities, at least until the result of the negotiations is known.

The Tehran Dashnak party suspect that Borisovski has fabricated this story.

14. The Soviet consul-general in Tehran has invited the Persian army to send a team of athletes to compete in a sports meeting to be held at Moscow in March.

15. A new form of Soviet activity is the inauguration of a medical ambulance which is to tour the district around Tehran. Advertisements have recently appeared in the "Rosta" for specialists in venereal diseases.

Luristan.

16. In continuation of paragraph 18 of Summary No. 3, the General Staff consider that disturbances will probably break out again in Luristan in the spring, which will necessitate military operations. The totally unopposed march of the column from Khorramabad to Dizful in November (see paragraph 27 of Summary No. 49 of 1924) came to them as a great surprise, and they are now hopeful that the Lurs will acquiesce in the maintenance and protection of the road through their country without creating serious trouble.

Khuzestan.

17. Telegrams have recently been despatched to Parliament by inhabitants of the towns in Khuzestan, expressing their dissatisfaction with their present representatives in the Majlis, who, they say, were not fairly elected.

It is known from a reliable source that this agitation is being encouraged by the Soviet consul in Ahwaz.

18. His Majesty's consul at Ahwaz reports that the estimated ration strength of the forces in Khuzestan on the 18th January were approximately:—

At Ahwaz	...	...	...	...	1,700
At Mohammerah	...	...	...	...	100
At Abadan	...	...	...	...	30
At Shustar and Dizful	...	...	...	...	5,000
On the line Behbahan-Ram-Hormuz	...	...	...	...	3,500

(Comment.—This is considerably in excess of the fighting strength estimated from other information.)

W. A. K. FRASER, Major I.A.,
Military Attaché.

Tehran, January 29, 1925.

[E 649/136/34]

No. 29.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 67.)

Foreign Office, February 17, 1925.

Sir,

I HAVE read with the greatest interest your despatch No. 578 of the 22nd December describing the development and eventual solution of the dispute between the Persian Government and the Sheikh of Mohammerah.

2. You handled an exceedingly difficult situation with a cool judgment and with a combination of firmness and patience of which I desire to place on record my warm appreciation.

3. I share your view that the policy of His Majesty's Government in Persia should be to discourage separatist movements likely to weaken the central authority of the Persian Government, and am of opinion that the policy outlined in your despatch of rallying the tribal chieftains of South Persia to the support of the Persian Government is best calculated to improve the relations of His Majesty's Government with that Government. The chieftains themselves will thus be led to realise that their traditional friendship with His Majesty's Government is fully compatible with their duty as loyal Persian subjects.

I am, &c.
AUSTEN CHAMBERLAIN.

[E 1148/8/34]

No. 30.

Chamber of Shipping of the United Kingdom to Foreign Office.—(Received February 25.)

Sir,

28, St. Mary Axe, London, February 23, 1925.

I AM directed to acknowledge receipt of your letter of the 16th January respecting lights in the Persian Gulf and to state that this chamber are in general agreement therewith and with the action proposed. There are, however, a few points upon which the chamber desire to offer further comment, as follows:—

Paragraph 2.—The chamber do not understand why the Advisory Committee is described as "unofficial," as they understood that the proposal was to appoint a committee for the purpose of advising the Indian Government and they think that this should be an official committee. Provided, however, the status and functions of the committee are in fact official and it is understood that it will be given an effective voice, exception will not be pressed to its being "advisory."

Paragraph 4.—The experience of the shipowners of this country in connection with the Advisory Committee on New Lighthouse Works of the Board of Trade is that no cases of emergency do in fact arise in which it is necessary for action to be taken without previously consulting the committee, and they think, therefore, that it is unnecessary, and indeed undesirable, to qualify the assurance that the Advisory Committee will be fully consulted before expenditure is incurred. The tendency to treat matters as urgent which were not, or, with proper foresight, would not have been, has caused embarrassment both for the Government and for the Advisory Committee in this country. If it is clearly laid down that the advice of the committee must always be had in administration, proper foresight will be exercised and the Indian Government and commerce saved much embarrassment.

Paragraph 5.—I am to add that separate representation of Messrs. Turner, Morrison and Co. is not now desired.

Yours faithfully,

H. M. CLEMINSON,
General Manager.

[E 950/950/34]

No. 31.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 82.)

Foreign Office, February 25, 1925.

I HAVE received your despatch No. 28 of the 27th January reporting your recent interviews with Prince Firuz, Nosret-ed-Dowleh.

2. I approve the attitude which you propose to adopt in your future relations with his Highness, and authorise you to inform him that I have received your report of your recent conversations with his Highness and am willing to regard the period of his recent activities as a closed chapter. You should, however, emphasise once more the stipulation, of which you have already informed the prince, that such relations as you will in future have with his Highness will not be on the same basis as those which he had enjoyed with His Majesty's Legation before the year 1921, as His Majesty's Government do not require instruments of policy or "agents" among Persian politicians, but choose rather to transact their business with the Persian Government openly. At the same time, His Majesty's Government are always glad to be in friendly touch with such political personages in Persia as sincerely believe that the best method of attaining their patriotic ambitions is to cultivate and foster friendly relations with Great Britain.

I am, &c.

AUSTEN CHAMBERLAIN.

No. 32.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 3.)(No. 53. Very Confidential.)
(Telegraphic.)*Tehran, March 2, 1925.*

MY telegram No. 39.

Normalisation of internal situation now largely depends on whether the Shah returns. Prime Minister, I gather, will accede to any general wish to call him back. Certain Royalist parliamentary leaders asked me whether we cannot encourage His Imperial Majesty to return, anticipating that he will refuse invitation for fear of Prime Minister. Even they mostly recognise that it is Shah's last chance, and that if after returning here he plays the fool again, he will have to go for good.

I said that you entertained strongest objections to being mixed up in this question, and I could not conceive of any circumstances likely to remove them.

Poor as is my opinion of the Shah, I do now consider his return desirable on general grounds. Would you object to my expressing privately to Valiahd opinion that Shah would be most unwise to reject invitation to return if made by Government and Majlis?

No. 33.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 11.)(No. 60.)
(Telegraphic.) R.*Tehran, March 11, 1925.*

BOTH Prime Minister and Majlis have telegraphed inviting Shah to return.

[E 1566/1566/34]

No. 34.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)(No. 41.)
Sir,*Tehran, January 31, 1925.*

I HAVE the honour to inform you that the unsatisfactory condition of affairs in the Persian Foreign Office Tribunal, to which I have from time to time referred in my reports to your predecessors, has attracted the personal attention of his Excellency Mushar-ul-Mulk, who has realised that that branch of his Ministry is in serious need of reform.

His Excellency has recently appointed Mirza Abul Ghassem Frouher as Chief Director of the Tribunal and Mirza Hassan Khan Mohimin as Chief of the Civil Court.

Both of these appointments are full of promise, and it may be reasonably hoped that suits in which British subjects are interested parties will receive more prompt and more impartial attention than has lately been the case.

These attempts at reform have brought about a considerable amount of intrigue both against the Foreign Minister and also against the newly appointed officials. Representations were even made to the Foreign Minister, in the name of the Prime Minister, requesting him to cancel the appointments, but the Minister for Foreign Affairs refused to give way, and informed the Prime Minister that if the latter wished him to remain in office he must be allowed full liberty of action and authority in his own Department, otherwise he must vacate his post.

The Prime Minister immediately accepted his Foreign Minister's point of view, and asked him to pay no attention to the representations which had been made in his name.

A few Deputies, out of friendship for the officials dismissed, or for personal motives, likewise indulged their propensities for intrigue in this connection, but the Minister for Foreign Affairs, confident in the support of his chief, refused to give way and made it clear to all that he intended to conduct his Ministry in the way he judged best.

I have, &c.

PERCY LORAINÉ.

No. 35.

[E 1587/1587/34]

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)(No. 55.)
Sir,*Tehran, February 5, 1925.*

I HAVE the honour to inform you that, during the absence of the Prime Minister in South-West Persia, a poem holding up to ridicule the Moslem faith, the ulama, and, in a veiled fashion, the Prophet himself, appeared in the Tehran newspaper "Nahid."

At the request of the Tehran priests, the police collected as far as possible the copies of the newspaper and arrested the editor, one Mirza Ibrahim Khan, and confined him in prison.

Since that time there has been a great deal of agitation in priestly circles in certain parts of the provinces, and especially in Meshed, against the editor in question, and his death has been freely demanded. In the early days of January very large crowds collected both in the telegraph office and the shrine of the mosque at Meshed demanding the execution of the editor and threatening no longer to recognise the present Government unless satisfaction were given to their demand.

The priests in Meshed addressed at the same time a telegram to the Prime Minister saying that during his premiership insults to religion had become frequent, and some people even ascribed the origin of the insults to him in view of the fact that he apparently took no action to punish the guilty in such matters, especially those concerned in the recent publications in "Nahid." The telegram ended with an exhortation to all Moslems to kill such people as the editor of "Nahid" wherever they should be found.

Almost simultaneously with the arrival of this telegram, the editor in question escaped from prison and took refuge in the Parliament, where he still remains.

It may be safely surmised that the Government actively connived at his escape in order to be rid of the responsibility of taking sides in the question, and encouraged him to take refuge in the building which houses the representatives of the people, so that they might take up his case against the ulama.

The difficulty which has arisen over the question serves to illustrate the amount of interference which the priesthood indulges in in matters of justice and administration, and how difficult it is to reconcile modern methods of government with the tenets of the Koran, which the priests insist should be carried out in the same way as they were in the time of the Prophet himself.

I have, &c.

PERCY LORAINÉ.

[E 1588/701/34]

No. 36.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)(No. 56.)
Sir,*Tehran, February 5, 1925.*

I HAVE the honour to transmit herewith copy of a note I have addressed to Serdar Sepah on the subject of Persia's indebtedness to Great Britain.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 36.

Sir P. Loraine to Serdar Sepah.

M. le Président du Conseil,

Tehran, February 5, 1925.

YOUR Highness will certainly recollect that during the sittings early last year of a joint commission, over which you yourself were good enough to preside, convened for the purpose of liquidating in a friendly manner a certain number of questions outstanding between the British and Persian Governments, a large portion of the commission's time was devoted to the consideration of the claims made by His Majesty's Government in 1921 for the reimbursement to them of a variety of money advances which they had made to the Persian Government from 1912 onwards.

[13550]

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I need not here recapitulate the discussions which took place, it will suffice to say that the object of His Majesty's Government was to recover for the public Treasury the sums which had been advanced from public funds and at the cost of the British taxpayer, and to expect from the Imperial Government a discharge of their honourable obligations; the Persian Government, for their part, while not denying in the main the obligations which had been incurred, were apprehensive of their ability, owing to the restricted character of the resources at their disposal, to provide interest and sinking fund on the capitalised amount of this indebtedness, plus the accrued interest, without subjecting the finances of the country to a burden heavier than they were able reasonably to bear.

The discussions therefore, though extremely useful in revealing the actual position of affairs and in demonstrating the earnest desire on both sides to reach a satisfactory settlement of the question, were actually inconclusive. In these circumstances, before proceeding to England on leave of absence at the beginning of March, I suggested personally to your Highness that a possible solution might be found if His Majesty's Government were willing, in friendly consideration of Persia's financial difficulties, to fix a definite sum, somewhat in abatement of their full claims, which would represent a final offer, would not lay too heavy a burden on Persian finances and would put an end to the detailed discussions in regard to particular items of the claims. As your Highness expressed agreement with this suggestion, I took an early opportunity of urging it on the favourable attention of His Majesty's Government when I reached England.

The matter was then fully discussed between the competent Departments of His Majesty's Government, who eventually agreed to adopt the principle of the suggestion which I had laid before them. The discussions in London were of a protracted nature, and I have only lately received the final instructions of the Secretary of State.

I have the honour, in accordance with those instructions, to inform your Highness that, in view of the generous proposals which they are prepared to make, His Majesty's Government would be obliged if the Persian Government would definitely assign either the customs revenues of Southern Persia or the royalties received from the Anglo-Persian Oil Company as security for the payment of interest and sinking fund on the reduced sum which His Majesty's Government are prepared to accept in complete discharge of the six items mentioned in Mr. Bridgeman's note of the 16th December, 1921. As soon as this assignment is made, I shall immediately acquaint your Highness with the capital sum fixed by His Majesty's Government and the annuity required to secure its amortisation over a period of twenty-five years. As I informed your Highness yesterday in conversation, the sum fixed by His Majesty's Government will be their final word, and is the minimum one which they are prepared to accept.

I earnestly trust that your Highness will shortly be able to furnish me with the desired undertaking in order that the full proposals of my Government may be disclosed, and the whole matter rapidly terminated in a manner satisfactory to and compatible with the interests of our two countries.

I avail, &c.

PERCY LORAINÉ.

[E 1589/136/34]

No. 37.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 57.)

Sir,

Tehran, February 7, 1925.

IN continuation of my despatch No. 578 of the 22nd December, 1924, in which I had the honour to narrate events leading up to, and following on, the meeting between the Persian Prime Minister and the Sheikh of Mohammerah at Ahwaz last December, I beg to enclose herewith a translation of two documents which the Serdar Sepah gave to Sheikh Khazal before leaving Mohammerah on his return journey to Tehran, and, in addition, a translation of a proclamation made by Serdar Sepah whilst he was still in Ahwaz.

These documents seem to me to be quite satisfactory, and, although the sheikh's semi-autonomous position has gone, as, indeed, it was bound to go as soon as a really strong Central Government appeared in Persia, yet Serdar Sepah has had the wisdom to assure the sheikh that, in so far as he, his family and belongings are concerned, the Government is going to accord him fair and honourable treatment and is not going to

allow anybody to seek retaliation for past wrongs or to profit by the fact that the sheikh, in freely submitting to the authority of the Central Government, no longer enjoys the executive power which he formerly had.

Such assurances as these, given to the sheikh by the Persian Prime Minister, are in accordance with the promises which he made to me at Ahwaz in December and should form the basis of what I hope will be a long enduring friendship, gaining in strength as time elapses and tending to relieve His Majesty's Government of much encumbering responsibility.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 37.

Documents given by Serdar Sepah to Sheikh Khazal.

(i.)

(Translation.)

NOW that I have pardoned and condoned the late acts of Serdar Akdas and he has accepted to serve his beloved country honestly and faithfully, I hereby instruct the General Officer Commanding, Southern Division, to count him among the servants of the State and to consider his lands and possessions, whatever and wherever they may be, as being completely and totally belonging to him. The General Officer Commanding should exercise the greatest care that nobody should be allowed to annoy Serdar Akdas or his dependents or (trouble him about) his lands or possessions, and, further, he should do all he can to increase the hopes of Serdar Akdas in the consideration of the Government and in my protection.

REZA,

Prime Minister and Commander-in-chief.

(ii.)

(Translation.)

In view of the fact that Serdar Akdas, in accepting to carry out his duties in all honesty, has completely overcome my suspicions, and as I am sure of his future honesty, faithfulness and dutifulness, I deem it necessary to acquaint my special officials with the fact that Serdar Akdas is my own special protégé, and they must therefore observe and consider my views as regards him.

REZA,

Prime Minister and Commander-in-chief.

Enclosure 2 in No. 37.

Proclamation made by Serdar Sepah at Ahwaz.

(Translation.)

MY visit to these parts was not in order to settle the recent troubles, which had no real importance for me, but in order that I might see for myself the resources, political aspect and geography of the Province of Khuzistan and make arrangements for the future of its inhabitants.

Everyone knows that Khuzistan was one of the most productive provinces of Persia, but has been ruined by the inattention of the Government and the ambitions of private individuals.

Now that these factors have happily been overcome, Khuzistan has, like all the other provinces and towns of Persia, come under the authority of the Government and its brave troops. In order to maintain law and order and protect the lives and property of its inhabitants, I have placed the governorship of the province in the hands of one of my trusted officers, so that anyone who has a grievance may lay it before him.

I wish to notify that, as Serdar Akdas has been pardoned by the Government, no one has any right to oppress him or his dependents, and if anyone does so he will be punished by the Military Governor.

[E 1572/136/34]

No. 38.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 69.)

Sir,

Tehran, February 9, 1925.

I HAVE the honour to transmit herewith copy of telegraphic correspondence with Consul Peel, Ahwaz, on the subject of rehabilitation of Sheikh Khazal's prestige.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 38.

Consul Peel to Sir P. Loraine.

(No. 6.)

(Telegraphic.)

Ahwaz, February 3, 1925.

MILITARY occupation and control of Southern Arabistan is now complete. Military detachments are posted at headquarters of all important Arab tribes, whose chiefs take their orders from military authorities and not from sheikh. Latter has ceased to function, and he and his son have been forced to retire into private life.

Such a régime was not contemplated when your conversations with Prime Minister took place here (*vide* Ahwaz telegram No. 9 of 7th December to Foreign Office). It has been followed logically from the importation of troops to Ahwaz, where garrison now numbers 1,500. *Fait accompli* must, I presume, be accepted *pro tem.*, but pending promised restoration of sheikh, it seems imperative that something should be done to rehabilitate his prestige. I suggest therefore that Military Governor-General should introduce two of sheikh's sons, namely, Serdar Ajal and Kishwar, into Administration. They could act as Deputy Governors in charge of tribal and road police respectively. Governor-General is agreeable, but dare not suggest it, lest his motive be suspected. Suggestion should emanate from us on the ground of general expediency. Sheikh would then be free to travel for a period, thereby saving his face and his pocket.

His position is a most uncomfortable one. He is a target for claims by all and sundry arising from his action during the last ten years. Notwithstanding, he is afraid to leave Mohammerah lest his properties should be gradually taken from him. Introduction of his sons into Administration would ensure protection of his vital interests and be tolerated by general public.

Sheikh has asked Persian Government to take over collection of indirect revenue at present leased to him. His monopolies have been cancelled and he has no organisation capable of collecting taxes in accordance with the law. Consequently he is losing under MacCormack Agreement.

Sheikh has offered Prime Minister fourteen guns, of which four were presented to him by His Majesty's Government after the war.

Enclosure 2 in No. 38.

Sir P. Loraine to Consul Peel.

(No. 4.)

(Telegraphic.)

Tehran, February 7, 1925.

YOUR telegram No. 6 of 3rd February.

It seems to me best way to get sheikh's sons admitted into Administration would be for sheikh to ask Prime Minister directly for this favour and refer Prime Minister to Governor-General, if former wishes to take into account local considerations. Sheikh could give as reason proposed journey and his anxieties for future whilst he was away. Son here could likewise make request for his father. I think Prime Minister would accept. If sheikh is receiving annoyance from anybody, he should invoke general officer commanding troops help (see enclosure to your despatch No. 3).

[E 1593/18/34]

No. 39.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 76.)

Sir,

Tehran, February 10, 1925.

SINCE the collapse which overtook the Republican movement in Persia in March 1924, there has been practically a complete cessation of open agitation for a change of régime or of the personality of the Sovereign.

The Republican movement collapsed too completely and cost Serdar Sepah too much of his popularity and influence for him to do otherwise than disavow it and do all in his power to stifle it. The question was therefore allowed to pass into oblivion, but, as was foreseen in Mr. Ovey's despatch No. 169 of the 1st April last, a certain new agitation has recently sprung up, not in favour of a republic but directed chiefly against the persons of the reigning monarch and the Crown Prince with the object of eliminating either or both of them and bringing in as Shah some minor of the Royal house, with Serdar Sepah as Regent.

This agitation became apparent while Serdar Sepah was still away in Khuzistan. It was carefully fostered and brought into the open after the Prime Minister had succeeded in settling the threatened rebellion in Khuzistan without bloodshed and in a manner satisfactory to the honour of the Persian Government. His services to the country were loudly extolled and compared with those of others, and panegyrics lauded him as the saviour of his country and the defender of Persian independence.

For some time previous to his return preparations were made, as has been already reported, to give him a right royal welcome, and the people were encouraged to discuss whether he had not shown himself as the only person worthy to occupy the throne, and whether his impending arrival was not the proper moment for them to carry him to the palace and place him on the throne. Whether these discussions were simply idle gossip, or whether the plan was not considered practical or the time to put it into execution ripe, nothing of the kind happened. During the succeeding fortnight, however, the Prime Minister failed to visit the Crown Prince, and it became evident that this lack of courtesy was intentional, for in reply to a question made to Serdar Sepah through a third party by the Crown Prince to ascertain why the Prime Minister had not paid him a visit, the latter replied by asking why the Crown Prince had not sent a State carriage to meet him on his arrival. Without loss of time Serdar Sepah now began to state openly that he could not work with either the present Shah or the Crown Prince, and he hinted that he had acquired some incriminating evidence of their treachery to the State. This is believed to consist of a telegram sent by the Crown Prince to the Shah advising the latter to profit by Sheikh Khazal's rebellion.

Since his return to Tehran the Prime Minister has been at pains to visit everybody of note, and has taken especial care to conciliate the clergy, and in particular Sayyid Hassan Mudarris, the Deputy-priest who played such a conspicuous part in the defeat of the previous Republican movement. It is not clear how far he has been able to propitiate the clergy, but he has called upon some six of the leading politicians in Parliament, such as Mustaufi-ul-Mamalek and Mushir-ed Dowleh, to help him to find a constitutional way to settle the controversy. They since replied to him that they have failed to find a way, and he thereupon asked the various parliamentary groups to elect delegates from among themselves to meet him. This meeting took place on Sunday, the 8th February, when the same question was put to the delegates by Serdar Sepah, who asked for a reply by the following Thursday (the 12th February), and is said to have added that he had no intention of withdrawing from the Government, and that if the delegates could not find a way out of his difficulties he would refer the matter to the people.

This is the situation as it stands to-day and until the delegates' reply is given on Thursday.

The Prime Minister appears to be obsessed by the idea that, so long as the Shah and Crown Prince remain, he can do nothing of fundamental profit for his country. He seems to consider that the position of Prime Minister is not sufficiently safe or stable to permit him to carry through any plans beneficial to his country in the face of any opposition. Such opposition, he appears to think, might gather round the Shah or Crown Prince and, in the end, prove too strong for him. In short, he has no confidence in either of them, and therefore wishes to rise above what appears to him to be an unstable position and become at least Regent, from which point of vantage he could support a Prime Minister, chosen by himself, in the plans which he has in mind for the economic reconstruction of his country.

Personally, I am of opinion that his action is dictated by a desire to make some fundamental improvements in his country and that personal ambition is not the cause, but, whatever may be his motives, he has decided that he must attempt to rise to a higher and more unassailable position than he now occupies.

The position of Regent appears to satisfy him, but he appears to wish to attain that position by lawful methods rather than by force. The latter method he can employ, and could have employed at any time during the past year, but he seems to have shrunk from using it for fear of bloodshed and perhaps disorder, or, in any case, causing a state of insecurity, which might retard recognition of the new order of things by the European Powers. He is therefore constrained to try and find a lawful and constitutional procedure.

As I have already stated, certain politicians to whom he referred the question were unable to find a solution of the difficulty in a constitutional way, and it is not to be foreseen that the delegates of the various parliamentary groups, to whom he has now referred the same question, will be able to give any different answer, for, as a matter of fact, the fundamental law of the Constitution provides that the successors to the throne shall be the direct descendants of Mohammed Ali Shah, but it offers no facility for a change of Sovereign or for a referendum to the people; therefore, to bring about a change in the person of the ruling monarch would require legislation which is not at present provided for.

When Serdar Sepah said that, in a certain eventuality, he would refer the matter to the people, it may be that he intends to close the Parliament and order fresh elections, with the provision that the newly elected Deputies will have the power to revise the fundamental law of the Constitution. But a fresh election can only be held under the sign manual of the Shah or Regent, and this is unlikely to be accorded in the circumstances. Alternatively, it may be that he will keep the present Deputies and canvass the country for the electors to accord them the additional power of modifying certain sections of the constitutional law. This would appear the easier way, but, even if it were successful in eliminating the Shah and the Crown Prince, there remain two other grown-up brothers, who would also have to be passed over before it became the turn of the present Shah's infant son, for whom alone a Regent would have to be found. This son is equally under certain disabilities which would require the law to be changed, as his mother was not a princess, but only a maid-servant, and, moreover, he was not born in lawful wedlock.

The question is therefore a difficult one to solve in a way which will satisfy both the aspirations of Serdar Sepah and at the same time preserve the constitutional law from becoming a mere plaything to be juggled with as occasion requires, and it is almost impossible to foresee what the result of this controversy is going to be.

A copy of this despatch is being forwarded to the Government of India and to His Majesty's High Commissioner for Irak, Bagdad.

I have, &c.
PERCY LORAINÉ.

[E 1594/82/34]

No. 40.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received March 16.)

(No. 80. Secret.)

Sir,

Tehran, February 10, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 5 for week ending the 31st January, 1925, compiled by the military attaché to this Legation.

I have, &c.
PERCY LORAINÉ.

Enclosure in No. 40.

Intelligence Summary No. 5 for Week ending January 31, 1925.

(Secret.)

Gilan.

IT is reported that the Communist Committee in Enzeli, which is composed of Russians, Persians and Armenians, is allowed considerable freedom of action by the

Persian authorities, and, if it is under supervision, it does not appear to be under restriction. Similar freedom is not allowed to anti-Bolshevik organisations, which are kept under close observation and restriction as regards anti-Russian activity.

2. It is reported that a road is being constructed from Fumén, 15 miles west-south-west of Resht to Khalkhal by means of *corvée* labour.

Azerbaijan.

3. In continuation of previous information regarding Simko's negotiations with the Persian military authorities in Azerbaijan for his return to Persia, it is now reported from reliable sources that Simko has informed them that the Turks will not allow his family to leave Turkey, and that he is consequently unable to come himself.

4. The military authorities in Azerbaijan are circulating reports that there is a strong demand in Tehran that Reza Khan should be made Shah, and that the necessary authority had already been obtained from the ulama of Nejed.

5. According to a statement made to His Majesty's consul at Tabriz by a member of the local Musavvat party, which is composed mainly of Turkish-speaking Caucasians anxious for the annexation of Persian Azerbaijan to Turkey, the party is making good progress, and can count on many sympathisers in the Democrat party of Tabriz.

As previously reported, the General Staff profess to be well aware of Turkish intrigues in Azerbaijan and to regard them as having little effect.

6. It is reported from Urumia that Amar Khan, one of the Kurdish leaders who accompanied the expeditionary column of the North-Western Division to Kermanshah, has returned to Urumia with 200 of his men.

Kazvin.

7. A Persian society in Kazvin previously known as the "Azadi Khahan" and now as the "Hauzeh-i-Tarraki-i-Azadi" is in reality a Communist organisation carrying on propaganda under the secret direction of the Soviet vice-consul. The president of the society is Mirza Abdul Samad.

An Armenian Communist Committee has also been organised in Kazvin under the name of "The Workers' Union."

The Armenian schools in Kazvin are now under the control of Communists.

8. A branch of the Centro-Textile is shortly to be opened in Kazvin under the management of Levon Karapetian, a Communist.

9. A certain Sokolov passed through Kazvin from Enzeli on the 12th January. He gave out that he was going to Kermanshah as Russian consular agent.

10. Three fourgons, each carrying twenty-one cases of small arms ammunition of 2,500 rounds each, passed through Kazvin from Tabriz *en route* to Tehran on the 10th January. The source of this consignment has not yet been traced.

Kermanshah.

11. His Majesty's consul at Kermanshah reports on the 19th January that the troops intended for the coercion of the Vali of Pusht-i-Kuh had been concentrated in the Aivan valley, 50 miles south-west of Kermanshah, on the northern edge of the Vali's country. A reconnaissance had been pushed out to Deh Bala (D.S. 2, K B. 2), but hostilities had not yet taken place.

Luristan.

12. His Majesty's consul at Kermanshah reports that a force of infantry, despatched from Khorremabad about the 12th December to advance against Pusht-i-Kuh from the east, had been heavily attacked by Lurs and forced to retire to Khorremabad. This report lacks confirmation.

Tehran.

13. Several interviews have taken place during the week between the Prime Minister and Mudarris, the leader of the Opposition in the Majlis. The latter has in the past consistently opposed any extension of Serdar Sepah's power, while asserting his readiness to support him as War Minister. It is reported from more than one source that the subject of the conversations that have recently taken place between the two has been the deposition of the Shah and the Regency of the Prime Minister with a puppet Shah. Mudarris is reported to have informed a deputation which recently visited him that he maintained his opposition to such a change.

14. It is now reported that the Prime Minister has instructed the Military Governor or Tehran to cease work on the organisation of a demonstration by a crowd who were to take sanctuary in the Majlis buildings and demand the deposition of the Shah (see paragraph 7 of last week's summary).

15. The anniversary of the Shah's coronation, the 28th January, was, in defiance of usual custom, not observed as a holiday this year by the orders of the Prime Minister.

16. Estimates prepared by Mr. Mitchell, the American Adviser to the Ministry of Public Works, for the construction and repair of roads have been submitted to the "Economic" Committee of the Majlis.

The following are the principal figures:—

For the road—	Tomans.
Khanikin-Kazvin	450,000
Enzeli-Tehran	158,970
Kazvin-Tabriz	1,932,000
Khoi-Bayazid	616,000
Tehran-Meshed-i-Sar	1,064,000
Tehran-Meshed	4,088,000
Tehran-Bushire	5,712,000
Tehran-Mohammerah	3,304,000
For the repair of the Julfa-Tabriz Railway, including purchase of two engines and twenty-five wagons ...	534,830

It is reported in the press that Mitchell has recommended that contracts for the construction of these roads should be given to an American company. It is believed that the Ulan Company is interested.

17. A statement has been published showing the annual cost of the Majlis to be 2,229,771 tomans, which includes 578,094 tomans as the pay of members.

18. A thirty-year concession for the construction and maintenance of a metalled toll road from Semnan to Bandar Gaz and Astrabad has been granted to a Persian subject, Masood-ul-Mulk. The construction is to be begun in the first year and finished in the third.

It is reported that the Sharq (Russpers) Trading Company are endeavouring to secure a controlling interest in the company which is to be formed to provide the necessary capital.

19. The Amir Lashkar, commanding the Eastern Division, has been relieved of his command and arrived in Tehran on the 25th January. It is understood that the reason for his recall was the bad state of the discipline of his division and his inefficiency in dealing with the Turkomans. Rumours, which may be from Russian sources, are circulating that he was dismissed at Russian insistence on account of his supposed unfriendly attitude.

He has been relieved by Sartip Jan Muhammad Khan, the general officer commanding the Iragh Brigade in Tehran.

20. The following information has been obtained regarding Communist organisations in Tehran:—

There are two Persian Communist Committees: one under the presidency of Abdul Hassan Khan with a membership of about twenty-four, the other under the presidency of Zia-es-Sultan with a small membership.

The Armenian Communist Committee, under the presidency of Osset Mirzayan, has a membership of about twenty, and meets weekly.

The Workers' Communist Committee is also an Armenian organisation, under the presidency of Levon Masumian, with a membership of about fifteen.

There is also a Komsomol Armenian organisation under the direction of Sembat Habetian, with a membership of about twenty young Armenians, who are all Persian subjects. Their meetings are held in the Russian Club.

All these organisations are directed by Romanski, who is the local representative of the Third International. He is assisted by members of the Russian Legation.

The existence of these organisations is known to the Persian police, but they pay very little attention to them.

21. The Swiss aviator, Mittelholtz, arrived in Tehran by air on the 29th January.

22. The Perso-German School, under the directorship of Dr. Strunk, was opened on the 31st January with about 125 pupils.

Isfahan.

23. Of seven newspapers now being published in Isfahan, the following three are subsidised, but for quite small sums, by the Soviet consul-general:—

"Isfahan"	Editor, Mirza Ali Mukarram.
"Sidai Isfahan"	
"Ran-i-Zijad"	Aga Jalal.

One of the two public libraries is also subsidised by the Soviet consul-general. It is under the management of a Persian called Akhgar, and two local school teachers are engaged to explain Communistic ideals on Mondays, when free tea is given.

24. An agent of the Junker's Company arrived in Isfahan on the 1st January, but the promised flight from Tehran to Isfahan (see paragraph 17 of Summary No. 3) had not taken place up to the 15th January.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, January 31, 1925.

[E 1596/82/34]

No. 41.

Sir P. Lorraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 84.)

Sir,

Tehran, February 13, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 6 for week ending the 6th February, 1925, compiled by the military attaché to this Legation.

I have, &c.
PERCY LORRAINE.

Enclosure in No. 41.

(Secret.)

Intelligence Summary No. 6 for the Week ending February 6, 1925.

Azerbaijan.

HIS MAJESTY'S consul at Tabriz reports that certain Kurds, who had accompanied the tribal contingents sent to Kermanshah (see paragraph 3 of Summary No. 51 of 1924), have been brought from Urumia to Tabriz under arrest. From Kermanshah it is reported that numbers of the tribal levies from Azerbaijan have deserted and are returning to their homes, looting on the way, and this may be the reason for the above arrests.

Gilan.

2. It is reported that a M. Gordiov came to Enzeli by steamer on the 23rd January to organise a new steamship company which is called the Caspian and Volga Company. This concern has purchased the German ships which were in the Caspian and has begun to transport goods and passengers between Persia and Russia.

3. It is reported that the Minister for Public Works and Schubert have signed a contract for ten years by which the latter is allowed to establish three factories in Gilan for paper, leather and silk. Schubert has the option of renewing this contract after ten years, otherwise all the property of the factories passes to the Persian Government.

4. On the 4th February the Ministry of Public Works signed a contract with Aga Mir Kavkazi for a twenty years' concession for the Resht-Pir-i-Bazaar light railway, with the right of transfer. It will in fact return to Khoshtaria. It is stated that he is to pay 3,000 tomans a year for the concession.

Khorasan.

5. Further details have been furnished by the British military attaché at Meshed of the mutiny at Bujnurd, reported in paragraph 25 of Summary No. 2. From information received, subsequent to the original report, it appears that the mass protest by some 200 men of the garrison in the telegraph office occurred during the absence of the officer commanding, Colonel Hajji Bakir Khan. The mutiny did not occur until his return, when he paraded the men to enquire into the matter and was, according to

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his own report, met by a refusal to serve any longer. He decided to deal with this by attempting to flog the ringleaders, but the temper of the men became so ugly that stronger measures were necessary. On their refusing to lay down their arms he opened fire with a machine gun, which, resulting, as it is reported to have done, in the killing of some twenty men, liquidated the affair. The Bujnurd garrison, consisting of about 700 men, has returned to Meshed, leaving only a few cavalry at Bujnurd.

The occurrence is now being considered by a court of enquiry.

Tehran.

6. The future of the Serdar Sepah and the Shah is the question for the present absorbing all attention. The former has plainly stated in conversation with prominent politicians that he demands the deposition of the Shah and the appointment of himself as Regent to a puppet Shah. Parliamentary leaders have been conferring on the question for the past week, but can find no constitutional means of agreeing to the Prime Minister's demands. A committee composed of twenty-one representatives from the various parties in the Majlis has been elected to discuss matters with the Prime Minister.

The latter is reported to have said that he can produce definite proof of the Shah's treachery to the Constitution and of his conspiracies with "foreigners."

7. Reference paragraph 8 of Summary No. 4, Amir-i-Iktidar Insari, the late Minister of Interior, is still under arrest. No decision regarding him has been come to up till now and it is not yet known on what charge he was arrested.

8. The Army Council has announced that the Fauj-i-Ahan, which is about 2,000 strong and is now on the Khuzestan front, is to become part of the South Western Brigade, the designation given to the forces in Khuzestan. This regiment was formerly in the Central Tehran Division.

9. It is stated that the Prime Minister is sending Colonel Ismail Khan, Chief of Staff of the Tehran Division, on a visit to Moscow, Berlin, Paris and London. The object of the journey is not known at present. He was previously military attaché in Berlin and returned to Tehran in December 1924.

10. Sartip Morteza Khan has been promoted Amir Lashkar and has taken over command of the Central Division in addition to his duties as Military Governor of Tehran.

11. Amir Lashkar Hussein Aga, who, as reported in last week's summary, had been recalled from command of the Eastern Division, has been given command of the arsenal at Tehran temporarily.

12. The Russians have opened a free dispensary in Tehran with men's and women's sections (see also paragraph 15 of Summary No. 4).

13. M. Shumyatski and M. Maers, the head of the commercial branch in the Soviet Legation, left Tehran for Baku by aeroplane on the 2nd February. The former is stated to be going to Moscow for a conference.

14. Reference paragraph 12 of Summary No. 3, the negotiations between the Persian Government and the Junkers Company for an aerial mail are still being obstructed on financial grounds by Dr. Millspaugh.

15. According to a local newspaper, the Afghan Legation has written to the Persian Foreign Office asking for some advisers to be nominated by the Persian Government for the establishment of Posts and Telegraphs in Afghanistan.

16. It is reported that the newspaper "Azadi Shark," which is published in Berlin, the editor being Sheikh Abdur Rahman Seif Azad to whom reference was made in paragraph 19 of Summary No. 29 and paragraph 21 of Summary No. 52, is subsidised to the extent of 500 tomans a month by the Prime Minister. It is strongly anti-Ahmad Shah and has urged the establishment of a republic.

17. The "Sitareh-i-Iran" in its issue of the 4th February advances the theory that British policy in Persia has now changed. It is no longer desired that Persia should remain a roadless desert, and any improvement in communications, as, for instance, a railway connecting Khanikin with Duzdap, that will help to link up British interests in the east will now be welcomed. On the other hand, Great Britain will oppose as vigorously as ever the construction of railways from north to south.

18. The press has devoted some space this week to the policies of foreign Powers in Persia; that of Great Britain still needs modification before it becomes pleasing to the Persian people; Russia has done much to gain Persia's affections, though it is realised that her policy is now what it always has been—the absorption of Persia on her way to the Persian Gulf and India; France will always act in Persia in accordance with British wishes; Germany has now only an economic policy in Persia.

Kazvin.

19. A branch of Sakkartrust opened up at Kazvin on the 1st January. The manager is Sotnikov.

It is reported that a branch of the Ruspers Bank is to open at Kazvin.

Fars.

20. Herr Wassmuss has returned to South Persia, having arrived at Bushire on the 5th December, 1924. He brought with him forty cases of agricultural machinery.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, February 7, 1925.

[E 1597/81/34]

No. 42.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 85.)

Sir,

Tehran, February 13, 1925.

IN the reply which I had the honour to return on the 2nd instant (telegram No. 25) to your telegram No. 11, Secret, of the 23rd January, I endeavoured to express in as compressed a form as possible my views on the measures most likely to be useful in counteracting the disruptive tendencies of Russian policy as regards this country. These views need some amplification, which I beg leave to offer in the present despatch.

I have for long held the opinion that the solution of the Persian problem, as it presents itself to us, and, if I may presume to say so, as it ought rationally to present itself to the Persians themselves, is to be sought rather in the sphere of economics than in that of politics. It is also, I think, axiomatic that by far the soundest policy for us to pursue is not to be drawn into a duel with Russia over the body of a semi-derelict Persia, but so far as we are able to infuse fresh vitality into that body and nurse it into a state of sufficient robustness to be able to withstand the fresh shocks from the northern neighbour to which it will with certainty be eventually exposed. To do this, however, we must convince the Persians by deed as well as by word that we are an integrating factor, standing out in sharp contrast to the disintegrating factor which Russian ambitions, whether Tsarist, Bolshevik or other, will always represent. It is not unfair to say that neither the duel with Russia which went on before 1907 nor the system of agreement with Russia as regards policy in Persia which was attempted after that date gave altogether satisfactory results; and perhaps the alliance with Russia, during the period of the great war, gave the worst results of all so far as our own position in Persia was concerned. In the two first periods Persian affairs were a constant source of embarrassment and anxiety to His Majesty's Government, and, when the war broke out in 1914, matters had very nearly reached the point of a serious breach with Russia in regard to Persia. After the war a scheme of Anglo-Persian co-operation was evolved, and took shape in the agreement of 1919. This agreement, unfortunately, broke down, not on account of any intrinsic defects, but owing to a variety of circumstances, which I attempted to describe in my despatch No. 272 of the 7th May, 1922. Thereafter followed a most difficult period in Anglo-Persian relations, from which we are now, fortunately, emerging. Its main feature was an extraordinary suspiciousness in the minds of Persians as regards the motives of Great Britain, and a Persian attempt to introduce and establish American interests in this country as a counterpoise to those of Great Britain and Russia. The report which I made to Mr. Ramsay MacDonald on arrival in England last spring and Mr. Ovey's despatches during my absence on leave have described the modification which has slowly occurred in these two respects.

In my opinion the time has now come again to inaugurate a policy of Anglo-Persian co-operation; not by means of a formal agreement, but by the gradual creation of ties of common material interest. I should add, too, that I see no objection, and indeed possible advantage, in securing American co-operation in carrying out this policy if the Americans are themselves disposed to co-operate. Should American interests wish to enter the field in opposition to British interests, we shall certainly have to defend our own interests and let the Americans understand clearly that we intend to do so, but I submit that such a situation, which would be deplorable in the highest degree, is totally unnecessary and should not prove difficult to avoid.

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As stated in my telegram, what Persia most sorely needs to buttress up her political stability is financial reconstruction and economic development, these being the only sound remedies for the prevailing penury, the miserably low standard of living, the commercial stagnation and the general economic stringency. Persia, even if she were to husband her resources with the utmost skill and with a fixity of purpose which has not been discernible in her past history, would be unable to apply these remedies herself for a long term of years. She must therefore have recourse to foreign assistance to improve her situation. Taking the position on its intrinsic merits, Great Britain is the country to which she should most suitably turn for such assistance, and the country most likely to be interested in granting it. There is, of course, nothing new in this statement, but what is new is the growing realisation by the Persians themselves that such indeed are the facts of the situation. Since the denunciation of the convention of 1919, Persia has had her flirtations, firstly with Russia, secondly with America; neither have brought her the advantages or the profits which she rather optimistically discounted, and she is now wondering whether, after all, the old friends are not the best friends.

There is this important difference, however, in the situation of to-day, as compared with previous similar phases in Anglo-Persian relations: Persian nationalism has become a permanent and active element which cannot be left out of account in any dealings with Persia. Persia wants a share or a participation in all new enterprises on her own soil; she wants to have a controlling voice in those which are of importance to the State; she is hardening her heart day by day against the grant of fresh concessions, even on really most favourable terms, in the belief, however erroneous in many cases, that the foreign concessionaire reaps a rich harvest of gain, leaving but a miserably small percentage for Persia or her Government, and that these purely foreign enterprises are in some way an encroachment on her sovereignty.

As regards Russia, the disillusionment is very nearly complete. I cannot myself see any trace of confidence or cordiality in the relations of the Persian Government with Russia, though the old reluctance to displease her still lingers on. On the other hand, Persian merchants and traders find their dealings with the Soviet State trading institutions highly unsatisfactory and often actually unprofitable, and their complaints of the way in which the Russians abuse their position to force down the prices of goods and produce unexportable except to Russia, and to control consignments by their monopoly of the Caspian shipping, are loud and numerous. This, indeed, is one of the reasons underlying the desire to create better communications with the south, which, it is hoped, will bring some liberation from the economic bondage to which the Russians are endeavouring to reduce the Persian provinces adjacent to their own frontiers. I am therefore of opinion that any measure which tended to make Persia economically less dependent on Russia would be heartily welcomed by the majority of influential Persians.

We desire, it is true, some more concrete evidence than is at present available of Persia's goodwill and desire to stand well with us. I am not without hope that this evidence may be produced in the next few months by the settlement of the Persian debts to His Majesty's Government on the lines of the compromise terms which the latter have agreed to accept. Should this come about, and should the Persian Government, as I anticipate, thereafter show a continued desire to treat British interests with friendly consideration, the time will have come, and should be immediately employed, to give active help to Persia in re-establishing her financial position and in creating productive economic activities. I should myself like to lay down a programme of principle, as follows:—

1. A loan for the final discharge of Persia's current liabilities, and the funding of her foreign indebtedness.
2. A loan for specific productive enterprises, in which the Persian Government should themselves be directly interested and Persian shareholders admitted.
3. A sympathetic attitude by His Majesty's Government towards any legitimate efforts of the Persian Government to increase their sources of revenue, so long as British interests received due consideration and no attempt was made to discriminate against them.

The proposal may seem a rather far-reaching one, and admittedly it presupposes a set of circumstances which have yet to come about, but my purpose here is rather to indicate the ends towards which we should shape our course, rather than any steps which can actually be achieved at the present moment. We do not wish to fight

Persia's battle with Russia, but to endow her with sinews to enable her to fight her own battle, and so to relieve us to the greatest possible extent of ulterior responsibilities. Political action by us need not, in my view, be extended beyond its present limits; if extended it would only be pro-Persian to the extent that it was anti-Russian; and anti-Russian it would essentially be. Finance and economics are far more potent weapons, and these weapons we possess while the Russians lack them. We are therefore in a position of great superiority, and it only needs a friendly disposed Persia to give us the full advantage of that superiority. The programme which I have roughly sketched would give us the friendly Persia, and its fulfilment would, I believe, found British influence and prestige on a firmer and more durable basis than they have ever yet enjoyed in this country.

As regards the use of the personal influence of His Majesty's consuls in Persia, I have the honour to enclose herein copy of the circular instruction issued to them by me, to which allusion was made in my telegram under reference. This instruction, though anterior to your telegram No. 11, conveys to His Majesty's consuls, in a more developed form, the idea which you express in regard to the advantageous use of their personal influence in inspiring confidence in His Majesty's Government.

As regards consular tours, I confirm the view expressed that these could be usefully undertaken more frequently than at present; it may be that in order to ensure this some increase would be required in consular establishments, and I will enquire into this. I doubt, however, whether the creation of a vice-consulate at Astarabad would give an adequate return for the considerable expense entailed by its establishment. I do, however, most emphatically maintain that the numbers of Levant consular officers in Persia require strengthening, for, as I have pointed out on several previous occasions, it is extremely difficult with the present establishment to keep the consulates manned and the consular service properly maintained in the various provincial centres, while there is less than no margin for any extra duties or for any emergency. My view is therefore that an increase of personnel rather than an increase of consular posts is needed.

The matter of philanthropic or educational work is a difficult one. The Persian Government will always claim a voice in the management of any new hospital or school in which Persian patients are treated or Persian students educated; furthermore, if funds were granted to maintain or develop an existing institution, the Persian Government would undoubtedly claim the right to control those funds. It has occurred to me that the institution most useful here in Tehran and most likely to be welcomed by the Persians would be a modern technical school for the teaching of handicrafts, engineering and, may be, science, which must be free from any denominational character. I even think that the Persian Government would themselves be willing to contribute towards the expenses of such a technical school. A question of this sort, however, requires careful elaboration, and may for the present be left in abeyance.

I shall be anxious to learn whether the views expressed in this despatch meet with your general approval, and I shall meanwhile continue urging the Persian Government to co-operate in settling the questions which have so long proved an obstacle to more cordial relations.

I am forwarding copies of this despatch to the Government of India in the Foreign and Political Department and His Majesty's High Commissioner for Irak, Bagdad.

I have, &c.
PERCY LORAINÉ.

Enclosure in No. 42.

Circular Telegram No. 1, dated January 7, 1925, to His Majesty's Consular Officers.

FOLLOWING is for confidential information and personal guidance:—

Although not yet counting any chickens, I anticipate during next few months a marked improvement in Anglo-Persian relations. Persian Government seems at last genuinely desirous of liquidating outstanding difficulties with us, and may quite likely turn to us again for help in economic reconstruction. Among Persians here generally there is a wish for closer and more friendly relations with England, but they want their faces saved in the transition stage. In this we can and should help them.

If good results which I anticipate mature, they will be due to our patience during last few years and our steadfast dissociation from Persian internal affairs and local politics. This policy must be strictly continued.

It is obvious that Prime Minister's recent visit to South Persia and the happy issue out of the Arabistan crisis have been the turning point. Reza Khan, who is now stronger and more popular than ever, has realised himself how loyal and helpful our attitude has been and how perfidious that of the Russians, whose one object was to promote civil strife, make a quarrel between us and Persian Government, and fish in the troubled waters.

The upshot of the Arabistan crisis is that we have not only dispelled Reza's suspicions, but also shown him that we want our friends in the south to be his friends, that we will use our influence to make the south a source of strength to Tehran instead of a source of weakness, so that he can attend to dangers from other quarters with the knowledge that the south is loyal, solid and peaceful. If this policy is pursued, and I rely on all consular officers in the south and south-west to forward it, we put the so-called Southern Alliance behind Reza and entirely turn the tables on the Russians.

We do not want to strike any triumphant note, and best attitude as regards the Russians is a rather contemptuous indifference to their sordid and shifty intrigues. Points for us to insist on when conversing with Persians are: essential community of main Persian and British interests; friendly British attitude towards Persian difficulties and our strong desire to see Persia emerge therefrom a stable, peaceful, prosperous and friendly neighbour; our desire to strengthen the old friendship by new bonds of common economic and commercial interests and to have a strong Persian Government with which to deal; our determination not to interfere with Persian internal affairs; our sympathy with all genuine attempts at reform, and with all Persians who have the welfare and progress of their own country at heart; our wish to see Persia united and not divided.

You can in your own intercourse help events by constantly emphasising these points. I wish you to do your best to convince all Persian officials with whom you have to deal that you are fundamentally friendly and conciliatory, ready to adjust differences equitably if you are met in a like spirit, and never to exacerbate them. Try to confirm those who are friendly in their friendship and wean those who are not from their attitude. But do not compete with Russians; stand on a higher level.

PERCY LORAINÉ.

[E 1598/827/34]

No. 43.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received March 16.)

(No. 88.)

Sir,

Tehran, February 13, 1925.

I HAVE the honour to confirm the opinion expressed in my telegram No. 36 of the 13th February that there is no foundation for the report which had reached you that the Persian Government contemplate replacing the Belgian Director-General of Customs by a German.

2. On the receipt of your telegram mentioning this report, I wrote privately to M. Lambert Molitor, the present director-general, asking him whether he was aware of any foundation for this rumour. M. Molitor came to see me yesterday evening and said that he had no anxiety at all in this respect. I expressed my satisfaction at this corroboration of my own view, and added that it would be singular if neither he nor I had had wind in Tehran of any suggestion to replace him. I went on to say that, apart from this, I was inclined to discredit the report, because it seemed to me that the Belgian customs officials had never been in a safer position than they were to-day. The customs revenues were showing considerable vitality, the Administration was functioning well, the difficulties, especially M. Molitor's personal ones, as regards contracts, pensions and various allowances of the Belgian officials, had all been satisfactorily settled, and the friction with the American advisers was apparently ended; indeed, Dr. Millspaugh, in a recent conversation with me, had eulogised the Belgian Administration, and had deprecated any idea of its disappearance. It seemed to me, therefore, that the Belgians stood well with the Government, the Majlis, the public and the Americans, and I could see no grounds whatever for supposing that a change was contemplated.

3. M. Molitor entirely agreed with this appreciation of the situation, and, while thanking me for my friendly action in first bringing the matter to his personal notice, begged me to tell you that he had never felt himself more firmly in the saddle or less exposed to attack than now. He showed considerable curiosity about the source of the report, at which he could not guess, and I should be grateful if you could inform me on this point.

I have, &c.

PERCY LORAINÉ.

[E 1599/1599/34]

No. 44.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received March 16.)

(No. 89. Confidential.)

Sir,

Tehran, February 13, 1925.

IN accordance with the instructions conveyed to me by Lord Curzon's despatch No. 23, Confidential, of the 10th January, 1923, I have the honour to submit to you the following report on the heads of the diplomatic missions at the Court of Persia:—

TURKEY.

Mohieddine Pasha, ambassador, presented his credentials to the Shah in February 1923. He is a soldier who was frequently imprisoned and once exiled under the Hamidian régime for possessing what passed at that epoch for seditious ideas. During most of the war he was in the Yemen and Assir with Turkish troops, and was, I believe, later on taken prisoner and conveyed to Egypt. As soon as he was released he joined Mustafa Kemal Pasha and served in the army during the Kemalist campaign. After the defeat of the Greeks he negotiated on behalf of the Angora Government a commercial understanding with the French in Syria.

Mohieddine Pasha is an agreeable man, with a good command of the French tongue, not strenuously intelligent, but ready to discuss any question with a frankness, and even a naïveté, unusual in an Oriental. He is no friend of the Russians, and, though he admires the Germans in many ways, he bears them something of a grudge for having drawn Turkey into a disastrous war. He likes neither Persia nor the Persians, and says he will be glad to leave this country whenever it suits his Government to move him. Mohieddine Pasha has conducted his not very arduous duties as dean of the Diplomatic Body with discretion and good humour; he has, I think, pursued a steady policy, and is determined not to get involved in any Persian intrigues. So far as British interests are concerned, his attitude has been quite correct. His relations with myself are very friendly and cordial.

AFGHANISTAN.

Serdar Abdul Aziz Khan is said to have the rank of special ambassador. In view of the recently concluded treaty between Great Britain and Afghanistan, I called on him on my arrival in Tehran, in the same way as on other duly accredited envoys. I have seen him on few occasions, as the two Legations do not have many points of common interest and because I have found him ill-informed in regard to events in his own country, and a very poor conversationalist. Our relations may be described as correct and outwardly affable. Since the tension between Afghanistan and Russia became rather pronounced a few months ago, his attitude has been more friendly, but frequent intercourse with him would serve no useful purpose. The Persians regard him as a very stupid man; I have noticed nothing to contradict that opinion. So far as I can judge, Serdar Abdul Aziz Khan has no knowledge whatever of general international politics, and few, if any, ideas in regard to the rôle and duties of a diplomatic envoy. (1922.)

During 1923 the rôle of the Afghan Minister has become even more effaced. The practical cessation of Kemalist intrigues in this country has even deprived him of his use as an instrument of the Kemalist organisation. During the incident which happened at the Shah's official reception of the Diplomatic Body at the Persian New Year, Serdar Abdul Aziz Khan kept in line with myself and my colleagues in resisting the pretensions of the Russian Chargé d'Affaires to occupy a specially privileged position; although full explanations of what was happening were given to him, it is very doubtful whether he understood them.

GERMANY.

The German Minister, Count F. W. Schulenburg, arrived in the early spring. He had been employed in the German diplomatic and consular service by the former German Empire, and, amongst other places, had served in Madrid and Warsaw. He is a well-educated and well-mannered man, with considerable experience of the world. His attitude towards myself has been most friendly and conciliatory, and although we have several times discussed in private conversation the events of the war and the German policy which led up to that catastrophe, I have found him quite broad-minded on the subject and entirely free from any kind of rancour.

Immediately after his arrival in Tehran, Count Schulenburg called on me and told me that he wished to keep clear of politics and that his relations with me should be on a basis of entire frankness. So far as I can judge he has acted up to these assurances. He is naturally on good terms with the Russian Soviet representative, but more, I think, because a friendly attitude towards M. Shumiatsky is dictated by the present policy of the German Government than by reason of any personal satisfaction that the acquaintance brings him; indeed, he has told me more than once that M. Shumiatsky is a most difficult person to get on with, or with whom to have any consistent relations. (1924.)

Count Schulenburg has, I think, conducted his affairs with ability and discretion. He has abstained from political activities, and has done everything he can to advance German commercial interests, but so far as I can see in a perfectly legitimate way. He is extremely well informed in regard to local events and always ready to impart to me his information. By his tact and courtesy he has made quite a personal position for himself in Tehran socially, and has disarmed even French criticism of his personal qualities.

FRANCE.

The French Minister, M. Lucien Bonzon, reached Tehran in the autumn of 1924 and presented his credentials. Prior to this appointment he occupied the post of French consul-general in London, where he is presumably well known. I am not yet well acquainted with M. Bonzon, nor yet in a position to form an accurate judgment in regard to his activities; he does not, however, appear to be a gentleman of wide intellectual scope or energy, nor do I gather that he has greatly impressed the Persians by his personality or his abilities. He is married to a French lady with a much keener mental outlook than her husband, and the general impression here is that it is Mme. Bonzon who wears the breeches. My relations with M. Bonzon are quite friendly.

ITALY.

The Italian Minister, Signor Galli, reached Tehran shortly after his French colleague, and presented his credentials. He has, I understand, the reputation among his compatriots of being a clever and rising diplomatist, but it is unlikely that he will find much scope for displaying his talents in Tehran, where Italian interests are comparatively insignificant. He takes an intelligent interest in current events in Persia, and expresses himself fluently in the French language. During the Paris Peace Conference and after he was attached to the Italian delegation and dealt with Turkish affairs, in which capacity he was, I believe, well known to Mr. Vansittart and Mr. Forbes Adam. He has a French wife, and the couple is reckoned as a social acquisition in Tehran.

SOVIET RUSSIA.

M. Shumiatsky is still the Soviets' Minister, or, as he prefers to style himself, the plenipotentiary. I am in relations with him since His Majesty's Government recognised the Union of Socialist Soviet Republics, but owing to my absence on leave in 1924 have not seen very much of him. He is agreeable enough in manner, and appears to consider relations with Great Britain as a matter of considerable importance for his country, but his policy here, almost uniquely anti-British, seems hardly consistent with that view. The Persians consider him shifty, unreliable, and not amenable to reason. He still seems to believe that intrigue is the best weapon of diplomacy.

UNITED STATES OF AMERICA.

Since the departure last September of Rabbi Kornfeld, the United States Legation has been in charge of his first secretary, Mr. Wallace Smith Murray. Mr. Murray is a

former pupil of Professor Munsterberg, and his attitude towards men and matters often reveals the imprint of his master's mind. I have known Mr. Murray for some time and have never considered him to be particularly friendly to Great Britain; the responsibility of being in charge of the Legation has, however, sobered him down, and I have a feeling also that the Imbrie murder has checked the former tendency of Americans to sympathise with the Persians rather than with the European Powers, and has impressed them with the necessity of solidarity with the Western nations in dealing with Orientals. I have had a few matters to discuss with Mr. Murray since my return here, and have found him much more reasonable than our previous acquaintance had led me to anticipate. Mr. Murray has recently married an agreeable American lady.

BELGIUM.

Baron Villenfagne de Sorines, mentioned in last year's report as Minister designate, did not take up his post. A M. Gallet arrived in the latter half of 1924 in the function of Belgian Chargé d'Affaires, which he still fulfils. M. Gallet has shown himself to be very friendly; he is much impressed by the seriousness of the duties entrusted to him.

I have, &c.

PERCY LORAINÉ.

[E 1578/85/34]

No. 45.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received March 16.)

(No. 99.)

Sir,

Tehran, February 19, 1925.

I HAVE the honour to report that the Income and Corporation Tax Bill, which has recently been before the Majlis and which was discussed by Mr. Ovey in his despatch No. 446 of the 12th September, 1924, has now been withdrawn owing to opposition.

I have, &c.

PERCY LORAINÉ.

[E 1581/18/34]

No. 46.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received March 16.)

(No. 107.)

Sir,

Tehran, February 26, 1925.

WITH reference to my despatch No. 76 of the 10th February, in which I attempted to portray the difficulties which Serdar Sepah imagines, rightly or wrongly, to beset his path and thereby hinder the reforms which he desires to make for his country's welfare, I have the honour to inform you that on the 12th February—the day on which the Prime Minister had expected to receive from Parliament an answer which was to solve his difficulties—the Deputies did not attend in sufficient numbers to form a quorum, and another forty-eight hours' grace was thus acquired before they would again meet in open session to give their decision. Feverish discussions had meanwhile taken place between them and the Prime Minister, whereby the former endeavoured to find a compromise which would satisfy Serdar Sepah, preserve intact the Constitutional Law and save the honour of the Majlis.

Since shortly after the *coup d'État* of Sayyid Zia-ed-Din, Serdar Sepah had been in the habit of signing letters emanating from the army as "commander-in-chief of all the forces." This was in direct contradiction to the Constitutional Law, which invests that office alone in the person of the reigning Sovereign, and the usurpation of these powers following the refusal of His Majesty to confer them on Serdar Sepah had been one of the principal causes of the suspicions which the Shah harboured of the ambitions of his Minister for War and which finally led to His Majesty's journey and prolonged absence from Persia.

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As nominal commander-in-chief of the army, His Majesty has powers of appointment in and dismissal from the army, and Serdar Sepah's failure to induce the Majlis to take sides with him in the quarrel has seemingly made him apprehensive of his own future should the Shah at any time order his dismissal from his self-assumed command and thus deprive him of, or at least render doubtful, the only real support—that of the army—on which he could count.

This frame of mind evidently made him more ready to accept some compromise which would at any rate place him beyond the possibility of dismissal at the hands of His Majesty; therefore, when he learnt that the Majlis was proposing to accord him the commandship of the defensive forces of the country, which command he should exercise with full authority within the limits of the Constitutional Law and be responsible to the Majlis, which body alone would have the authority to deprive him of his post, Serdar Sepah felt considerably relieved and accepted with alacrity.

I have the honour to enclose herewith a translation of the law passed in this connection almost unanimously on the 14th February.

It will be seen that Serdar Sepah obtained far less than he originally asked for, but he succeeded in having his position as commander of the forces regularised, thus assuring for himself a refuge should His Majesty at some later date be animated with a desire for vengeance. On the other hand, he confirmed the authority of the Majlis over himself—an authority it had always had constitutionally but which it had been too timid openly to ascribe to itself, and much less to enforce.

On the 17th February Serdar Sepah visited the house, and in open session thanked the Deputies for their action, expressing the belief that it would overcome the obstacles which had hitherto hindered the reforms which he was desirous of making in the country. He said it was true that he had been able to accomplish the first step in his plans—that of establishing order and security in the country, but he had been unable to do more. Now he wished to bring about an economic revival and gradually raise Persia from its impoverished state, establish proper means of communication, raise the standards of education and hygiene and generally to bring about better conditions of living. He was hopeful that such matters could now be taken in hand, and requested the Majlis to elect a commission of twelve Deputies, whose business it would be to study these questions and, together with the Government, try and evolve some comprehensive plans for the realisation of these ideals.

He concluded his speech by saying that in the past certain steps had been taken to bring about the return of the Shah to Persia, and that in the future further steps in that connection would be taken.

Both the Prime Minister and the Majlis appear to be satisfied with the compromise they have reached, and the future alone will show whether it is a satisfactory solution or not. Both sides, however, appear determined to give it a trial. The commission of twelve has not yet been chosen, and there appears to be some difficulty in the manner of choosing them, but it is confidently expected that the choice will have been made before the end of February.

That portion of the Prime Minister's speech relating to the return of His Majesty was couched in somewhat vague terms, and it is not known by whom the future steps for his return are to be taken. Whatever invitation may be received in the future by His Majesty or by whomsoever it may be sent, the decisive factor in this question will be the amount of confidence it may inspire in His Majesty for the safety of his own person.

I may add that the absolute neutrality towards this domestic Persian question which I have maintained under your instructions has created a distinctly favourable impression among Persian politicians of the better class, and has afforded to them a further proof of the loyal and straightforward character of British policy. It may also be noted with satisfaction that our attitude has on this occasion not been misrepresented even by the Tehran press.

I have, &c.
PERCY LORAINÉ.

P.S.—Copies of this despatch and of its enclosure have been forwarded to the Government of India, to His Majesty's High Commissioner for Irak, Bagdad, and to His Majesty's consul-general, Bushire.

P. L.

Enclosure in No. 46.

Law passed on February 14, 1925, respecting the Supreme Command of the Persian Army.

(Translation.)

THE National Assembly recognises the supreme command ("riyasat" = "direction" in original) of the whole defensive and security ("tamineh") forces of the country as pertaining to Reza Khan Serdar-i-Sepah, who will perform these duties with full powers within the limits of the fundamental laws and other laws of the country. He cannot be dismissed from this position without the approval of the Majlis.

[E 1583/82/34]

No. 47.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 109.)

Sir,

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 7, for week ending the 14th February, 1925, compiled by the military attaché to this Legation.

I have, &c.
PERCY LORAINÉ.

Enclosure in No. 47.

Intelligence Summary No. 7, for Week ending February 14, 1925.

(Secret.)

Astarabad.

1. Reports from Astarabad show that, though raiding by Turkomans on a large scale in that province had ceased, highway robbery was rife during January, and there was little security outside the towns and villages.

On the 9th February it was officially reported that a band of Turkomans had carried off 114 head of cattle from Kurd Mahalleh, near the town of Astarabad.

Gilan.

2. Reference paragraph 1 of Summary No. 5, it appears that the liberty reported to be allowed to Communist organisations in Gilan does not extend to attempts to absorb into them the Persian lower classes, for His Majesty's vice-consul at Resht reports that a "Union of Workers" recently inaugurated by his Soviet colleague, which all Soviet citizens and all Persians employed in Russian concerns were compelled to join, was condemned as illegal on account of this compulsion and forced to close down by the local military authorities. The latter then organised a purely Persian "Union of Workers of Gilan," and ensured its immediate success by enrolling the large number of workers employed by the military on the construction of barracks and roads.

Azerbaijan.

3. His Majesty's consul at Tabriz reports that a wireless installation, said to be of German origin, has arrived in Tabriz from Russia.

4. It is reported that the Persian authorities have taken firm steps for the protection of Christians in the Urumia district (see paragraph 1 of Summary No. 2), and that troops for the protection of Christians have been billeted in Mahometan houses, presumably as a punishment for Mahometan outrages.

His Majesty's consul at Tabriz reports that Dr. Packard, the American missionary, asserts that 2,000 Christians of this area have adopted Russian nationality or asked for Russian protection.

Kazvin.

5. Reference paragraph 19 of last week's summary, it is reported that a certain M. Orikin arrived at Kazvin from Moscow on the 29th January to be Soviet vice-consul and manager of the Russo-Persian Bank.

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Luristan.

6. His Majesty's consul at Sultanabad reports that Sartip Mohamed Khan has been appointed Military Governor of Khorremabad.

Sultanabad.

7. Meetings in favour of a republic were held in Sultanabad during January. In reply to enquiries as to whether these were to be allowed, the Governor was informed by the Central Government that he should prevent them.

Tehran.

8. Reference paragraph 6 of last week's summary, a resolution has been passed by the Majlis which attempts to avert the threatened Constitutional crisis. On the 8th February the Prime Minister issued what was practically an ultimatum to representatives of the various parties in the Majlis demanding that by the 12th they should inform him whether they were prepared to agree to his conditions of continuing in office. The matter was, during the ensuing days, the subject of anxious deliberation by parliamentary parties, and a resolution was eventually framed which recognised the special claims of Serdar Sepah to the command of the armed forces, excepting the police, gave him full powers in that office within the laws of the State, and decreed that he could be dismissed only by the Majlis. It should be noted that a proposal to appoint him Commander-in-chief ("Farmandeh-i-Kul") was defeated, and the responsibility with which he has been invested is described in the Persian text as "riyasat," a distinction with no apparent practical difference except that it avoids a direct offence against the Shah's constitutional position as head of the army.

It is understood that Serdar Sepah has accepted this proposal, which was unanimously approved by the Majlis on the 14th, and that he has dropped for the time being his demand for the deposition of Ahmad Shah. Indeed, it is reported, but requires confirmation, that the adherence of Mudarris, the most strenuous Opposition leader, was secured to this measure only by a promise that the Shah would be recalled.

In effect, beyond the increased security of tenure given to the Serdar Sepah by the decision that he can be dismissed from the rather indefinite post to which he has been appointed only by the decision of the Majlis, the position does not seem to have been materially altered. A translation of the resolution is given in an appendix.

9. The Prime Minister did not attend, as he should have done, the Prince Regent's reception on the 7th February, the birthday of the Imam Ali.

10. During the week the press has indulged in much abuse of the Shah. The members of the Majlis and the Ulama are exhorted to co-operate in getting rid of this incubus to Persian progress. No considerations for the sanctity of a King of Islam need hamper them, for His Majesty had long ago forfeited all claim to such a title. The Ulama are reminded of the noble part they played in the early days of the constitutional movement, and are taunted with having abandoned the cause of freedom.

11. The "Sitareh," in its issue of the 11th February, publishes a telegram said to have been sent by the Sheikh of Mohammerah to the Prime Minister, in which the former states that he has fourteen guns of various types which he had purchased during the Great War when the Persian Government had made him responsible for the security of the Arabistan frontier. As Arabistan is now occupied by Government troops, he states that he is prepared to hand over these guns to whomsoever the Prime Minister may direct.

12. Referring to his previous estimates and schemes of road construction in Persia (see paragraph 16 of Summary No. 5), the American Adviser to the Ministry of Public Works now recommends that the Majlis should consider the question of the construction of a road from Julfa to Arablū in preference to the road Tabriz-Khoi-Maku. He argues in favour of the former that a railway already exists from Tabriz to Julfa, and the remnants of a railway from Arablū to Maku and Karakillisse. The construction of a road between Julfa and Arablū on a suitable alignment would subsequently facilitate the completion of direct railway communication between Tabriz and a future system of Turkish railways.

He urges the desirability of entrusting this construction to a company who have already had dealings with the Persian Government.

It will be remembered that the Ulan Company have already been in negotiation with the Persian Government regarding the construction of roads and railways in North-West Persia, and, according to unconfirmed reports, with the Turkish Govern-

ment regarding lines from the Persian frontier to the Black Sea. (See paragraph 9 of Summary No. 16 of 1924, and paragraph 16 of Summary No. 24 of 1924.)

Mr. Mitchell's proposals, therefore, smack somewhat of propaganda in favour of the Ulan Company.

13. Colonel Saad-ed-Dowleh, the son of the Sipahsalar, was killed by a fall from his horse on the 7th February.

14. Negotiations between the Eastern Transport Company and the Persian Government for the postal contract between Irak and Tehran are still in progress, but no agreement has yet been reached.

15. Reference paragraph 13 of last week's summary, M. Shumyatski and M. Maers returned to Tehran on the 11th February.

16. Zakhi Bey, First Secretary of the Turkish Legation, returned to Tehran from Angora on the 13th February.

Isfahan.

17. His Majesty's consul-general at Isfahan reports that the influence of the mullahs in Isfahan, which had considerably fallen during the Governorship of Amir Iktidar, is increasing again, and the mullahs have gradually begun to interfere in various matters ever since the Prime Minister's visit to Isfahan last November, when he was reported to have made conciliatory advances to the Ulama and particularly to that very turbulent priest, Haji Agha Narullah, who is now, according to other reports, working against the Prime Minister.

18. It has been decided to transfer the headquarters of the Southern Division from Isfahan to Shiraz, and army headquarters are desirous that this move should take place early this spring. The General Officer commanding the division has, as was to be expected, demanded considerable fresh credits for the repair and construction of buildings necessary for the accommodation of headquarters personnel in Shiraz.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, February 14, 1925.

APPENDIX.

Extract from the Tehran Newspaper "Iran" of February 13, 1925.

UNIQUE ARTICLE.

(Translation.)

The National Assembly recognises the supreme command ("riyasat"—direction—in original) of the whole defensive and security ("taminieh") forces of the country as pertaining to Reza Khan, Serdar Sepah, who will perform these duties with full powers within the limits of the fundamental laws and other laws of the country. He cannot be dismissed from this position without approval of the Majlis.

[E 1584/86/34]

No. 48.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received March 16.)

(No. 111.)

Sir,

Tehran, February 27, 1925.

I HAVE the honour to transmit to you herewith the eighth quarterly report of the Administrator-General of the Finances of Persia*. Not only in the introductory chapter, but in various other parts of the report, considerable space is devoted to Dr. Millspaugh's replies to his critics in Parliament and press. His rather sarcastic retorts have incensed some of those to whom they were addressed, and renewed attacks on him in the Majlis have been based on them.

2. It is difficult to select for special comment any particular details of this voluminous report, but I may be permitted to draw attention to the discussion of the attraction of foreign capital in chapter XIV, where Hussein Khan Alai's propaganda in America is praised and Dr. Millspaugh's views on concessions and loans are expounded, and the Persians themselves are blamed for the lack of foreign enterprise in Persia.

* Not printed.

3. The description of the situation as regards transportation, beginning on p. 190, is also very interesting, and I am glad to observe the quotation of Major Hall's frank report on the state of the Khorasan roads, which has formed the subject of frequent representations on the part of this Legation in connection with the question of road tolls. It will be noticed that the suggestion of a light railway from Duzdap to Seistan is attracting attention. The disastrous condition of the Julfa Railway is also described.

4. The opium question, in view of the importance given to it by the Geneva conferences, has been dealt with in a special report, which is referred to in p. 45.

5. The chapter on the Public Debt (VIII) is devoted to an explanation of the advances received from the Imperial Bank of Persia. Table XIX shows the situation of the loans and advances due by the Persian Government. The unregulated debt to His Majesty's Government is, of course, not included.

6. It will be observed that, in spite of the optimistic tone of the report as regards revenues, a large deficit for the year is anticipated (p. 79). The blame for the deficit is largely laid in this report at the door of the Majlis on account of its failure to pass the budget promptly.

I have, &c.
PERCY LORAINÉ.

[E 1669/701/34]

No. 49.

Sir P. Lorainé to Mr. Oliphant.—(Received March 18.)

(Private and Confidential.)

My dear Oliphant,

Tehran, February 6, 1925.

I AM making this letter private for reasons which you will doubtless appreciate after reading it. You will of course do what you think best as regards making it official in the Office.

I want to describe the trouble I have had with Dr. Millspaugh with reference to the settlement of the Persian debt to His Majesty's Government. After digesting the contents of your despatch No. 580, my diagnosis of the situation was as follows:—

Soundings which I had taken with the Prime Minister showed that the Government was abiding by the desire and intention which it expressed last spring to settle the debt question if they could get favourable terms from us. Soundings which I had taken in Persian political circles led me to believe that, even if there were opposition in the Majlis to the payment of the Persian debts, the task of persuading the Deputies to accept the charge of an annuity on Persian revenues was by no means gloomy, especially if the proposals for settlement were backed by the Persian Government itself—and, of course, especially by the Prime Minister. Things, therefore, looked quite reasonably favourable on the Persian side; there remained the American adviser. It seemed to me that if I could secure beforehand the co-operation of Dr. Millspaugh in recommending the Persians to accept the proposals which I was about to make to them on behalf of His Majesty's Government, the matter would be practically clinched. If, on the other hand, Millspaugh was going to take the line of dissuading the Persians from accepting the settlement, it was as well to be warned of his attitude beforehand and consider what steps should be taken. It must be remembered in this connection that Millspaugh's signature is, according to his contract, indispensable for the legal hypothecation of Persian revenues, and his attitude was therefore a factor of first-class importance.

I had three interviews with Millspaugh. At the first one I explained to him the principle of settlement which I had recommended to His Majesty's Government and they had in the main accepted, and told him that before acquainting the Persian Government with the actual terms of His Majesty's Government's offer, which was an undoubtedly generous one, we should require an undertaking from the Persian Government for the assignment of the customs revenues or the oil royalties to secure the annuity on the lump sum X. A longish discussion ensued, during which Millspaugh seemed very undecided in his own mind. I could see that the proposal did not particularly please him. He asked exactly what I wanted to know: I replied that I had come to ask him whether or not he would co-operate in facilitating the acceptance by the Persian Government of His Majesty's Government's ultimate offer in the conditions which I had described; I added a request that he would keep

the matter as a private and personal one for the time being. He asked for time to reflect and give his considered opinion. After a reminder that I was awaiting an answer, he came to the Legation some five days later. The interview was rather a stormy one, but after having had our say, we parted on quite friendly and cordial terms. Millspaugh's point of view was substantially as follows: the Persian revenues as they now stood were insufficient to meet the service even of a reduced British claim without seriously hampering ordinary and necessary administrative expenditure; the moratorium was not as long a one, or anywhere near so, as he had hoped; he thought we were putting the cart before the horse and that we should first of all help Persia to secure fresh sources of revenue before we claimed repayment of advances made to her; furthermore, he was reluctant to pledge securities which might be required, and which he wished to employ, for raising a loan of some 20 or 25 million tomans out of which arrangements might be made for paying off the British debt if reduced to the minimum figure.

I pointed out to Millspaugh that this was not really an answer to my question; that if he persisted in an attitude of that kind we were not going to get any further with the question at all; that the whole matter had been subjected to a most careful, protracted and considerate examination by His Majesty's Government, and that the proposals which I had been instructed to make represented their final word. We wanted this matter settled, not only on account of its intrinsic importance, but also because the failure to settle it had been a serious obstacle to the improvement of Anglo-Persian relations which both the British and Persian Governments desired; to adopt his attitude towards the matter would be postponing a settlement perhaps to the Greek Kalends; I could not view such a prospect with equanimity and I certainly could not recommend such a course to my Government. My instructions were definite and I was bound to act on them; further, I was completely in accord with them and considered them to be not only wise, but also a most generous move on the part of His Majesty's Government; I had sincerely hoped that he would view the matter in the same light and would give me his co-operation in urging the Persian Government to accept a solution so obviously favourable to them, but if he felt disinclined to do so, I must know where I stood and I must ask him to reflect on the responsibility which he would incur by blocking the scheme which had been so patiently elaborated and in thwarting our efforts to remove this stumbling-block in Anglo-Persian relations. I also appealed to him on the ground of the necessity of rehabilitating Persia's credit abroad, which necessarily suffered from the failure to liquidate these obligations.

Dr. Millspaugh did not take these observations in good part. He reiterated the point of view which he had previously expressed and added to it an allusion to American interests which I understood to mean that he regarded American interests as being opposed to the settlement of the British debt. I felt very much disposed to ask him what American interests it was his business to defend as a paid servant of the Persian Government, but refrained from doing so lest the conversation might become too acrimonious. I did, however, ask him to what American interests he referred and why they should interfere with the settlement of an outstanding obligation of Persia to Great Britain. Dr. Millspaugh explained that it had been "the announced policy" of the Persian Government for the last three or four years to float a loan in the United States and that in those circumstances he considered it to be his duty to keep liquid the revenues which could be offered as security for such a loan. I demurred to the expression "announced policy," as I have never heard of any such policy stated publicly by a responsible Persian statesman; but I did ask him if that had been the policy for the last four years why it had not been realised, why there had been no American loan and why we should be kept waiting for our money on the hypothetical supposition that there one day might be an American loan; I also suggested that an outstanding obligation had a prior right to consideration in comparison with a hypothetical loan. Millspaugh maintained his statement as regards an announced policy with some heat; he said he believed that an American loan would have been floated in 1924 had it not been for the unfortunate effect produced by the murder of Major Imbrie, and he hoped that before long it would be possible to float one. He did not see why I should attempt to force his hand in the matter of the British claims. I replied that this was a totally incorrect description of my attitude; I had asked for his co-operation for a matter in which I considered myself fully entitled to have it; it seemed to me, on the other hand, that his attitude tended to bring "American interests" into direct opposition with those of my own country; this was a situation which I

had throughout endeavoured to avoid, which I believed to be calamitous and contrary to the wishes of the United States and British Governments alike; as he well knew, I had always myself stood for Anglo-American association; if, however, on his side he was going to set up American interests against an established British interest, then I would fight American interests and the sooner he realised that the better. Dr. Millspaugh argued that it was not he that was bringing about such a situation, but the instructions given me by His Majesty's Government, and that it was too much to expect his attitude and judgment to be guided by the instructions issued by the British Foreign Office to their representative in Persia. I, of course, utterly declined to accept this preposterous definition of the situation. Feeling, however, that Dr. Millspaugh was somewhat losing his self-control, and might, if the conversation were not brought into a rather smoother channel, give utterance to sentiments which he would later on regret, I told him that at all events we had now explained to each other our respective positions, and that we had better reflect on the consequences. I appealed to his better judgment to avoid a dispute over this question, and most of all one which would affect the excellent relations which had up till then prevailed between myself and the American Mission. I appealed also to the desirability of Anglo-American concord and co-operation as the true reflection of the relations between our Governments and our countries. There was no question of my thrusting my point of view down his throat; I had come to him before making my final proposals to the Persian Government in the most friendly spirit and in order to get this matter put smoothly through; if he felt it necessary to decline his co-operation, I should regard the situation as a very serious one, and I should have to report it to you in order that you might decide what was best to do, but I very much hoped that such a course would not be necessary.

Dr. Millspaugh then calmed down a good deal. He said he had always been looking forward to this major financial operation to clear off Persian indebtedness at home and abroad and start on a path of reconstruction. A loan on the customs or the oil royalties, or both of them, he believed would go really well in America, if unopposed by Great Britain. He had hitherto thought of the operation mainly in terms of an American loan, but he did not see why an Anglo-American loan would not do equally well; but he still considered that that was the first thing to do, and his opinion as regards procedure for the settlement of the debt to Great Britain was that we should obtain from the Persian Government an acceptance of a definite obligation, formally and in writing, coupled with an undertaking by the Persian Government to take steps later on for the reimbursement of that obligation. If the British Government were willing to accept that procedure he would co-operate.

I told Dr. Millspaugh I did not think that His Majesty's Government would be at all prepared to reconsider the position that they had taken up, that I would reflect on what he had said, decide what was best to do and acquaint him with my decision.

I must say that this conversation made me feel very uneasy. It seemed evident that what the Americans had been playing for all the time was to get the good Persian securities into their hands, to pay off Persia's creditors, and to secure a practical monopoly of the control of Persian finances. My first instinct was to summarise the situation in a telegram to you, but on subsequent reflection I thought I would make one more attempt to see whether I could not overcome Millspaugh's opposition. I therefore wrote to him saying that I had not telegraphed to London as I had intended, feeling that we ought to make another effort between ourselves to reach an understanding before referring the differences which had been revealed to a wider arena. Nothing, I thought, could be more unfortunate than if he and I started tugging different ways at the Persian Government, and I therefore proposed to visit him and make some suggestions which I hoped would overcome the objections which he had raised. He accepted, and I went to see him the same afternoon. I think the previous shaking had done him a lot of good, for I found him in a much more reasonable and conciliatory frame of mind. My suggestion was this: that the Persian Government should ask to reserve their right at a reasonable period of notice to pay off the outstanding capital sum owing to Great Britain after the annuity had begun to run. Should that operation be carried out, the revenues specifically assigned for the gradual amortisation of the total indebtedness would be automatically released, and this provision would therefore enable the Persian Government to negotiate for a major loan, so long as the conditions of that loan provided for the repayment in a capital sum of the outstanding portion of the British claims. Eventually, Millspaugh accepted this idea, but not till after a long discussion. This time, however, the discussion was on a really friendly basis. He

proposed, firstly, that the Persian Government should make the annuity of the British claims a second charge, the first charge being reserved for a possible major loan. I said that if these two sources of revenue provided enough cover for two loans, I could not see why the prior obligation should not have the prior charge. He said that if the revenues were already charged with the British obligation, there would not be a sufficient margin to encourage American bankers to put up the major loan. I said that, in any case, my proposal would apparently overcome this objection. This drew from him a statement, made in a personal and friendly way, that the Persian mind throughout this business was clogged with the suspicion that we were determined to pre-empt their good liquid securities, and so block the way to any financial operation elsewhere than in the London money market. He preferred not to believe this himself; but he did feel that if we once got the securities assigned to us, the incentive to the British Government to facilitate an Anglo-American loan and acquiesce in an American loan would disappear. I said that I thought my opinion as regards the effect on His Majesty's Government was probably a more reliable one than his, and that, in my view, the British Government, if once their just claims were settled, would be far more favourably disposed to facilitating a financial operation which would set Persia on her legs and aid her financial and economic reconstruction. Millspaugh then asked me whether the British Government would object to an American loan. I said I really did not know—that is pre-supposing the prior settlement of the British claim—because, so far as I was aware, the question had never been raised, and had therefore not been considered. What we were engaged in now was a definite attempt to settle our financial outstandings with Persia. If those were not settled, the situation would be as it had been during the last three years; if they were settled, I thought we should be much more disposed to help Persia on her way. My personal impression was that His Majesty's Government would prefer an ultimate Anglo-American loan, and I thought myself that if Persia was to receive foreign financial assistance, she could not do better than influence the two money markets jointly in her future development. Finally, as I said, Millspaugh agreed not to oppose the settlement, subject to the provision for a lump repayment of outstanding capital.

I hope, firstly, that I have done right in avoiding a re-raising of the whole question of principle, which I feel sure that His Majesty's Government would have declined; had they done so, we might very well have come to a fresh deadlock. Secondly, that I have not gone too far in admitting to Millspaugh the principle of a lump repayment out of a possible future loan. I can hardly imagine that this would be disagreeable to the Treasury, but, at the same time, I should like to know that there would be no opposition on their part to such a provision.

I am afraid Millspaugh is a worried and harassed man, and that like many others who have to deal with Persian affairs—and he has been in the very thick of them—he has allowed his mind to get infected with all the rumours and suspicions which are the almost unique intellectual breath of Tehran. Although we have had rather a rough and tumble I think good has come out of it rather than ill. In the three interviews Millspaugh's attitude was entirely changed, and he even started talking to me about his own personal tribulations and his Persian enemies, both of which are legion.

This is a long letter, but I felt it necessary to explain the very many different issues raised, because they may quite easily recur when we start talking business with the Persian Government.

Yours ever,
PERCY LORAIN.

E 1668/8/34]

No. 50.

Foreign Office to Chamber of Shipping of the United Kingdom.

Sir,

Foreign Office, March 20, 1925.

I AM directed by Mr. Secretary Chamberlain to reply to your letter of the 23rd February relating to the lighting and buoying of the Persian Gulf.

2. With regard to the first point raised in your letter, I am to explain that the word "unofficial" was used in the letter from this Department of the 16th January merely to mark the fact that the proposed Advisory Committee, on the analogy of the Lighthouse Advisory Committee in this country, will include no Government repre-

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representatives, but will be composed entirely of representatives of the shipping and other interests concerned. The use of the word is not intended in any way to derogate from the status or functions of the committee.

3. With regard to the second point raised in your letter, I am to observe that, while emergencies requiring decision without prior reference to the Advisory Committee are in practice very unlikely to occur, it is impossible to guarantee that no such occasion will ever arise, and it is, therefore, necessary that the Government of India should reserve to themselves power to take any action which may be essential in such a contingency. This reservation is, however, only intended to apply in cases of real and sudden emergency in which the public interest would be prejudiced by refraining from action until the Advisory Committee could be assembled. In any such case the Government of India would naturally report to the committee as soon as possible the action taken, and explain the necessity for taking it without waiting to consult the committee. Mr. Chamberlain feels sure that the Chamber of Shipping will recognise the reasonableness of this reservation.

4. It is noted that separate representation on the committee is not now desired for Messrs. Turner, Morrison and Co. I am to enquire whether the Chamber are now able to obtain the nomination of representatives by the British India Steam Navigation Company, the Bombay-Persia Steam Navigation Company, the Anglo-Persian Oil Company and Messrs. F. Strick and Co.

I am, &c.
LANCELOT OLIPHANT.

[E 1852/256/34]

No. 51.

Foreign Office to Anglo-Persian Oil Company (Limited).

Sir,

Foreign Office, March 27, 1925.

I AM directed by Mr. Secretary Chamberlain to inform you that he learns from His Majesty's Minister at Tehran that the Persian Government are desirous of arranging for the construction under contract with them of a road through Luristan to link up communication between Tehran and Mohammerah.

2. Sir P. Loraine understands that both the Persian Prime Minister and the Minister of Public Works would welcome proposals from the Anglo-Persian Oil Company (Limited) to undertake this task of road-building, and are anxious that no time should be lost in commencing operations. The Persian Government are also stated to desire the construction of barrages on the Karun River by your company on a similar basis of contract with them.

3. I am to inform you that, while His Majesty's Government cannot assume any responsibility in connection with the above-mentioned schemes, they would welcome the acceptance by the Persian Government of proposals from your company to undertake the necessary works of construction, and I am to invite you to be so good as to inform me at your early convenience whether the Anglo-Persian Oil Company (Limited) are prepared to consider these proposals favourably, and, if so, on what terms, in order that Mr. Chamberlain may send a reply to Sir P. Loraine.

I am, &c.
LANCELOT OLIPHANT.

[E 1968/256/34]

No. 52.

Anglo-Persian Oil Company to Foreign Office.—(Received April 1.)

*Britannic House, Finsbury Circus, London,
March 31, 1925.*

Sir,

WE have the honour to acknowledge receipt of your letter of the 27th March last relative to projects in the nature of public works which you understand the Persian Government are considering.

We note that, while His Majesty's Government cannot assume any responsibility in connection with these projects, they would welcome our favourable consideration of the Persian Government's proposals.

We shall be only too glad to render all such assistance as lies in our power to the Persian Government in the matter. Whether, however, the business of contracting for

the construction of roads or barrages is within the normal province of the Anglo-Persian Oil Company is, you will appreciate, a matter which can only receive our due consideration upon an understanding of the Persian Government's proposals.

We venture, therefore, to suggest that it would be best for the Persian Government to approach this company direct with their detailed proposals, which we shall be glad to examine prior to expressing our views on the nature of the assistance that we should be in a position to offer.

We have, &c.
(For the Anglo-Persian Oil Company (Limited)).
JOHN CADMAN, *Director.*

[E 1597/81/34]

No. 53.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 152.)

Sir,

Foreign Office, April 1, 1925.

I HAVE read with much interest your despatch No. 85 of the 13th February, in which you express your views regarding the most useful manner of counteracting the disruptive activities of the Soviet agents in Persia.

2. I entirely approve the policy outlined in your despatch, and I share your view that a strict attitude of non-intervention in Persian internal affairs, combined with a sympathetic encouragement of Persia's economic aspirations, is most likely to defeat the efforts of Bolshevik propagandists.

I am, &c.
AUSTEN CHAMBERLAIN.

[E 2094/82/34]

No. 54.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 112.)

Sir,

Tehran, February 28, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 8 for week ending the 21st February, 1925, compiled by the military attaché to this Legation.

I have, &c.
PERCY LORAINÉ

Enclosure in No. 54.

Intelligence Summary No. 8 for Week ending February 21, 1925.

(Secret.)

Gilan.

1. The Princes Nosret-es-Sultaneh and Azzad-es-Sultan, who are uncles of the Shah and have been for some time in Europe, have returned to Persia. They landed in Enzeli about the 10th February. Under orders from the Government they were well and ceremoniously received.

The general officer commanding the Northern Brigade says that, while in Resht they told him the Shah would certainly return before long to Persia.

The Princes left Resht for Tehran on the 13th, and had not gone far before their motor was held up by a band of "highway robbers," and all their belongings were removed. However incredible it may seem that so clumsy a method should have been adopted, there is little doubt that this "robbery" was carried out by the military authorities in order to get hold of their papers. It appears that other traffic was actually held up at points on either side of the locality selected for the attack in order that there should be no interference and no awkward witnesses.

Well-advertised orders have been issued by the Prime Minister that the greatest zeal is to be shown in the hunting-down of the criminals, and a clear telegram has recently been received by the General Staff from the general officer commanding at

[13550]

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Resht, announcing that the untiring pursuit of his soldiers has forced the robbers to abandon some of their loot, which has been recovered.

2. Considerable quantities of wireless stores have recently been arriving in Enzeli from Russia. These seem to consist principally of the framework of steel masts. They are being despatched to Tehran.

3. Reference paragraph 3 of Summary No. 6, a prospectus, printed in German, English, Russian and Persian, has recently been issued by "Aryana," the "German-Persian Manufacturing and Trading Company" of Resht, announcing the formation of a company to exploit the following, which are "foreseen and partly begun":—Wood factories [*sic*], tanneries, spinning factories, the "national culture of agricultural enterprises to be accomplished by means of the most modern special machinery operated by German farmers."

The capital of the company is said to be 400,000 tomans divided into 16,000 shares, and it is claimed that it is already fully subscribed.

The founders of the enterprise are said to be Takizadeh, Fritz Esser, a German engineer now in Tehran, Matin-ed-Dowleh, a Tehran lawyer, Kurt Schubert and Hussein Agha Parviz, a Tehran merchant. Kurt Schubert has been appointed managing director, with full authority to sign for the company.

Fritz Esser, who is another German concession hunter apparently particularly interested in electric light and power concessions, arrived in Tehran some months ago. He imported a certain amount of machinery which he has pledged to the Soviet Legation, and from several independent sources reports have been received that the Russians have some manner of hold over him, and have come to some agreement with him regarding any electric light concessions he may succeed in obtaining.

4. It is reported that the object of Shumyatski's journey to Baku was to discuss questions of Russian trade in Persia, especially the affairs of Persaznaft and the possibilities of competing with Anglo-Persian Oil Company products in South Persia. Other matters discussed were the Julfa-Tabriz Railway and the importation of sugar to Persia.

5. On the 10th February a number of Russians, who are reported to be a commission investigating trade conditions and to have already been to Constantinople, arrived at Enzeli. Their names are reported to be Sultan Majid Effendi, Zaslafiski, Darum Ughli, Yusuffov, Yakimov, Khlopinkin, Kakdin, Invazimov. They left for Tehran on the 11th.

Azerbaijan.

6. It is officially reported that 300 Kurdish tribesmen of those who accompanied the troops of the North-Western Division to Kermanshah have returned to Azerbaijan under the leadership of Samsam Ashayer. They belong to the Shakakeh and Mukri sections.

The return of a previous contingent of these tribesmen was reported in the summary of the 6th February.

Tehran.

7. On the 17th the Prime Minister attended the Majlis and made a speech in acknowledgment of the resolution passed by the Majlis commending him as commander of the military forces during the Majlis's pleasure (see paragraph 8 of last week's summary).

He said he hoped that now the way would be clear for the progress of those economic reforms for which the country was now ready, the necessary preliminary of internal security having already been achieved. He proposed that in order to secure the co-operation of the Majlis a commission of twelve Deputies should be appointed, who would assist the Government in framing proposals for the economic development of the country to be laid before the Majlis.

He concluded with the statement that action had already been taken to secure the Shah's return and, as this had not yet been successful, further action was proposed.

8. It is reported that Mudarris has by no means abandoned his intention of securing the resignation of Serdar Sepah from the Premiership. For the time being his activities seem to be mainly directed towards securing the return of the Shah.

9. An unconfirmed report says that the Amir Lashkar of the North-Western Division has conveyed a message to the Majlis that he will march a force of 40,000 regular troops and tribesmen on to Tehran if Serdar Sepah is forced to resign.

10. The press on the whole comments favourably on the resolution of the Majlis referred to in paragraph 7 above.

But the Shafagh-i-Surkh expresses opinions that are apparently not uncommon, when it says that it fails to understand how this measure has removed any of the existing difficulties of the situation. The Majlis has given to the Serdar Sepah no position which he had not before, but has made his tenure of the command of the forces dependent on the will of the Majlis, a new innovation. It points out that the "full authority within limits of the laws" which the Majlis has given him is already enjoyed by every Minister, and has no peculiar significance.

11. The Prime Minister visited the Prince Regent on the 19th February for the first time since his return from the south. It is reported that the way had been prepared for this visit by the President of the Majlis's assurances to the Prince Regent that the Prime Minister had abandoned his designs against the Shah.

12. A very critical attack on the American advisers was recently made in the Majlis by one of the Deputies. Dr. Millsbaugh in a reply, of which copies were circulated to Parliament, blames the obstructive tactics of the Majlis for hindering the work of the advisers. He particularly cites the Budget Commission, who were still discussing the annual budget many months after it had been presented to them.

13. A prominent mullah, Ayatullah Yezdi, who is well known for his anti-British sentiments, has recently published in the press a declaration that the recognition of the Government of the Irak in its present form is unlawful, as its subordination to non-Moslems is contrary to the laws of Islam. He suggests that until the Irak can stand independently she should be looked after by her old nurse, Turkey, and her mother, Persia.

14. The proposals of the Junkers Company regarding the establishment of aerial posts in Persia were submitted to the Council of Ministers and rejected by them on financial grounds. Thereupon, the Prime Minister ordered the formation of a special committee, including the Minister of Public Works, one of the American financial advisers, the Director of Posts and Telegraphs, a representative of the Ministry of the Interior and the Junker's agent, to examine the question and endeavour to evolve a proposal satisfactory to the Junker's Company and within the financial scope of the Persian Government.

15. The Baku director of Persaznaft arrived in Tehran on the 20th February.

16. Certain papers are supporting the Conscription Bill, which has recently been presented to Parliament, urging its speedy approval.

Luristan.

17. Amir Lashkar Russein Agha, who was until lately in command of the Eastern Division, has now been appointed to succeed Amir Lashkar Ahmad Agha in command of the Western. The latter, during his period of command in the west, has distinguished himself by his rapacity, corruption, cruelty and treachery. The former was not successful in the east, his division having shown increasing indiscipline and inefficiency throughout the past year. He left Tehran on the 19th for his post, and it is reported that his orders are to be conciliatory towards the Lurs.

18. An official report to the Majlis dated the 14th February says that the chiefs of the Chigini, one of the sub-divisions of the Bala Gariweh Lurs, have begun to hand in arms.

From other and more reliable sources it is known that some arms have recently been surrendered by some sections of Lurs, but there is no reason to believe that this has happened to any considerable extent.

Isfahan.

19. M. Apresov, who recently went to Isfahan to relieve M. Tardov as Soviet consul-general, left Isfahan on the 16th. It is reported in Tehran that he is returning to Meshed. M. Tardov, who had not left Isfahan, is resuming his previous appointment.

20. An unconfirmed report from a fairly reliable source says that at some time during the latter half of 1924 the Soviet consul-general in Isfahan was ordered to cease or reduce subsidies to Persian Communist and Socialist organisations and to devote the money so made available to secret service work in Fars and Khuzistan.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, February 21, 1925.

[E 2096/701/34]

No. 55.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 116.)

Sir,

Tehran, March 12, 1925.

I HAVE the honour to transmit to you herewith copy in translation of a note from the Persian Prime Minister, the gist of which was communicated to you by my telegram No. 58 of the 4th instant, regarding the unregulated indebtedness of the Persian Government to His Majesty's Government. Copies of my note, to which his Highness replies, were enclosed in my despatch No. 56 of the 5th ultimo.

Although it is to be regretted that neither the customs revenue nor the oil royalties are specifically mentioned as security for the compounded debt, the note, in my opinion, does represent as genuine an effort to give us satisfaction on the point of security as any Persian Government of my acquaintance is capable of. Reza Khan, in the course of an earlier conversation, gave me his word that, if an agreement were reached, one of the two sources of revenue mentioned would certainly be assigned as security, as they were the only sound securities of which the Persian Government disposed. The Minister for Foreign Affairs made a similar statement to me, and when, after receiving the note now enclosed, I drew Moshar-ul-Mulk's attention to the defect in Serdar Sepah's reply, he said that as the two securities had been mentioned in my note, the Council of Ministers had not thought it necessary to mention one or other specifically.

Meanwhile, I await your instructions informing me whether His Majesty's Government consider this a sufficiently satisfactory reply on the question of security, and whether I should now proceed with the second phase of the negotiation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 55.

Reza Khan to Sir P. Loraine.

(Translation.)

M. le Ministre,

Tehran, Hoot 13, 1303 (March 3, 1925).

IN reply to the note of the 16th Dalve (the 5th February), I have the honour to state that, as proved by fact, the Imperial Government has never refused to repay its lawful debts, and has always made, and will make, all possible efforts to meet its liabilities.

In regard to the claims of the British Government, which formed the subject of the above-mentioned note, your Excellency has witnessed that I was prepared to get them settled, and in several meetings, to which you have referred in your note, the matter was discussed. I must, however, draw your attention to the fact that you have asked, in your note, for a guarantee which it is not possible for the Government to give, because, on the one hand, while omitting to mention the final amount proposed by your Government, you state that it is the final offer; on the other hand, you fix the period of the repayment and the security, and you ask the Government for a guarantee.

Besides the fact that the Government cannot undertake any obligation without the consent of the National Assembly, such an undertaking will be difficult for the Government, on account of the present financial and economic conditions of the country and the excessive burdens which the Government has to bear.

Under the circumstances, and in view of the decision I have taken to support your Excellency's equitable views, I am prepared to discuss the settlement of the matter in a commission to be formed like the previous one. When an agreement has been reached and the Majlis shall have approved of the amount which is payable on these claims of the British Government, the Persian Government will assign for their payment one of the sources of reliable revenues.

REZA.

[E 2098/82/34]

No. 56.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 119. Secret.)

Sir,

Tehran, March 9, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 9 for week ending the 28th February, 1925, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 56.

Intelligence Summary No. 9 for Week ending February 28, 1925.

(Secret.)

Turkoman Situation.

1. Reports from Khorasan up to the 31st January show that there had been a cessation of Turkoman raiding into that province.

2. The Governor-General of Khorasan informed His Majesty's consul-general at Meshed early in January that he had information from local Soviet sources that two Turkish ex-officers were with the Turkomans. See also the report in paragraph 1 of Summary No. 43 of 1924.

Azerbaijan.

3. Further arguments by Mitchell, the American Adviser to the Ministry of Public Works, in favour of the development of the Tehran-Tabriz-Turkey commercial route are published in the press this week. He argues that Persia needs a commercial outlet free from Irak transit dues and the vagaries of the Caucasian railways. The Turks, he says, intend to build, first, roads and then railways from Trebizond to the Persian frontier. Persia has already two short lengths of railway in Azerbaijan—from Sharafkhaneh to Tabriz and Julfa, and from Arablú to Maku, extending to Karakilisa, in Turkish territory. He advocates putting these sections into proper working order, constructing a line of railway from Julfa to Arablú parallel to the frontier, and, for the present, improving the road from Tehran to Tabriz.

4. His Majesty's consul at Tabriz reports on the 8th February that he had been informed by a landowner of Urumia, whose villagers are mostly Christians, that the Persian Government have prohibited the return to Urumia of more Assyrian refugees for the next three years.

5. At the end of January the Christians of the Urumia district were much disturbed by reports that the Persian Government intended to impose military service on them. It is reported that they had decided that, if this were the case, they would emigrate.

6. Further raiding of Christian villages occurred in the Urumia district early in February. Two of the raiders were captured and were found to be Turkish subjects.

7. The Tabriz-Trebizond road was again closed early in February at the Turkish frontier by the Turkish authorities, much inconvenience to commerce being thereby caused. The reason locally given by the Turkish authorities is the prevalence of cattle disease in Persia, but His Majesty's consul at Tabriz considers that it is more likely to be an attempt to transfer the carrying trade from Persian caravan owners, in whose hands it now chiefly is, to Turkish.

8. According to reliable reports from Urumia, there had been for some time a distinct coolness between the Turkish and Soviet consuls at that place, but at the beginning of February it was reported that there were unmistakable signs of closer and warmer relations.

9. His Majesty's consul at Tabriz reports that he had been informed by his Russian colleague that he had learnt that Sami Bey, the Turkish consul in Urumia, had become *persona non grata* to the Persian authorities and would shortly be transferred. From other sources it is known that the Persian Government had protested against the intrigues of Sami Bey among Persian Kurds.

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10. The following is reported to be the staff of Sami Bey, the Turkish consul in Urumia:—

First assistant: Feridun Bey.

Second assistant: Nuri Bey.

Appointments unknown: Ali Reza Bey; Ahmad Bey (brother of the consul).

Tehran.

11. Owing to the jealousy of political parties as to its composition, little progress has been made so far with the election of the committee of twelve Deputies mentioned in the Prime Minister's speech (see paragraph 7 of Summary No. 8) which is to advise the Government on economic reforms.

12. It is reported, but requires confirmation, that the Prime Minister has given orders that articles criticising the Shah are not to be allowed publication in the press.

13. Someone connected with the Soviet Legation has been spreading rumours among military officers that the Shah has engaged twenty-four French officers as instructors to the Persian army. This report, if believed, would not tend to popularise His Majesty with senior officers.

14. It is reported in the press that the Government have notified Dr. Millspaugh of their intention to renew his contract for a further period of two years after its expiry this year.

Apparently inspired efforts are now being made in the press to turn public opinion in favour of the American advisers, and it is reported that the number of their sympathisers is increasing. One reason for this is said to be that it is realised that Dr. Millspaugh is in many ways an efficient obstruction to an increase of the Prime Minister's despotic authority.

15. It is reported in the press that the special committee appointed to consider the scheme of the Junker's Company for the establishment of aerial postal services has approved certain proposals of the company connected with the Tehran-Baku service, whereby the Persian Government will pay a subsidy which the company undertakes to refund from profits made after the establishment of other services in Persia.

16. The Junker's representative in Tehran has been endeavouring to secure public support for his schemes. In addition to extensive advertising in the press, he has been giving free rides to such Tehran notables as could be persuaded to volunteer.

17. Two Junkers aeroplanes left Tehran on the 24th February for Isfahan and Bushire. They carried passengers. The flight was partly in the nature of an advertisement and partly to reconnoitre the flying route.

18. Vasilchenko, the Russian pilot, has commenced to instruct Persian officers as pilots. He has at present three pupils.

19. Apresov arrived in Tehran from Isfahan on the 21st February.

20. The press announces that tools, machines and appliances for the use of the Perso-German school to the value of 22,000 tomans are to be obtained from Germany, for which the Persian Government are only to pay 11,000 tomans, the firms concerned being prepared to accept this reduced sum owing to their sympathy with the ideals of the school.

Pusht-i-Kuh.

21. His Majesty's consul at Kermanshah reported on the 18th February that Deh Bala, on the northern edge of the Pusht-i-Kuh country, had been occupied practically without fighting, by a detachment of 200 Government troops. The Vali's eldest son was co-operating with the military commander.

It is reported that the troops have suffered much from the severity of the weather and that seventy to eighty deaths have occurred from exposure.

Negotiations were still proceeding between the Vali, who is in Irak territory, and the Persian Government regarding his future status.

Khuzestan.

22. His Majesty's consul at Ahwaz, in his diary of the 24th January, reports that military detachments have now been posted at the headquarters of all tribes who previously owned allegiance to the Sheikh of Mohammerah. They are distributed as follows:—

Fallahiyyeh (Chaab tribe): 1 officer and 10 men.

Beni Turuf: 1 officer and 20 men.

Miyanab and Karun: 1 officer and 200 men.

Jarrahi, Dehmullah and Hindiyan: 1 officer and 200 men.

He also reports that the Naderi Regiment, with a strength of 1,500 men and thirty-two machine guns, arrived at Ahwaz on the 14th January.

Fars.

23. A Bill has been presented to the Majlis by the Fars Deputies proposing the construction of telegraph lines from Shiraz to Sarvistan, Jahrum, Fasa, Lar and Bandar Lingeh.

Khorasan.

24. The British military attaché at Meshed reports on the 21st January that he had been informed by the Chief of the Staff of the Eastern Division that one complete wireless set had arrived. There was no information regarding the other four sets of which the intended purchase was reported in paragraph 23 of Summary No. 2.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, February 28, 1925.

[E 2099/2099/34]

No. 57.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 122)

Sir,

Tehran, March 11, 1925.

THE fact that measures were being taken by the Persian Government to establish publicly their authority over the Vali of Pusht-i-Kuh was reported in the enclosure to my despatches Nos. 566 of the 10th December and 582 of the 31st December, 1924, and it may be convenient to summarise here the information subsequently received regarding the progress of these measures.

As long ago as November, when the Arabistan situation was still critical and the Vali's attitude was believed to be one of pronounced sympathy with the Sheikh of Mohammerah, Salar Ashraf, a Member of Parliament for Kermanshah, who is related to the Vali, was despatched to the latter by the Prime Minister with the mission of endeavouring to come to an understanding with him and detaching him from the sheikh.

These negotiations had produced no definite result up to the time of the sheikh's submission, but with that all probability of the Vali's opposing the Persian Government, if there ever had been any, disappeared. Freed from his embarrassments in Arabistan, the Prime Minister was able in December to concentrate at Kermanshah a force of some 2,000 regular troops, supported by tribal levies from Azerbaijan. The advance of this force towards Pusht-i-Kuh resulted in the Vali's flight to Irak territory, where negotiations were still continued through the above-mentioned intermediary. Government troops have advanced to the northern limits of the Vali's territory, and it is reported that one of his sons is co-operating with the military commander.

His Majesty's consul at Kermanshah reports, in a despatch of the 24th February, that, in an interview which he had had with Salar Ashraf, who was returning to Tehran accompanied by one of the Vali's sons, the former told him that the Vali is quite prepared to submit to the Persian Government. He had left his country owing to his distrust of the local military commander, but he had strictly forbidden his tribes to oppose the troops in any way. He was prepared to pay any sum in reason, and to agree to any reasonable conditions, provided that he were allowed to return and live quietly in Pusht-i-Kuh. His Majesty's consul is of opinion that it would be to the advantage of the Persian Government to allow the Vali to return and to make use of him to assist in keeping order in the district, which may otherwise fall into disorder, and he tells me that Salar Ashraf will probably call on me in Tehran to ask me to intervene with the object of bringing about a settlement on these lines.

In view of Mr. Ovey's despatch No. 500 of the 27th October, 1924, I am disinclined to accede to this request if it should be made.

Copies of this despatch are being forwarded to the Government of India, to His Majesty's High Commissioner at Bagdad and to His Majesty's consul at Kermanshah.

I have, &c.

PERCY LORaine.

[E 2100/136/34]

No. 58.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 123.)

Sir,

Tehran, March 12, 1925.

I HAVE the honour to transmit to you the accompanying copy of a portion of the Ahwaz consulate diary for the period ending the 24th January last respecting the progress of the military occupation of Southern Arabistan and the effect produced on the position of the Sheikh of Mohammerah.

His Majesty's consul is evidently of opinion that matters are developing in a sense unfavourable to the sheikh's position and interest. Mr. Peel confines himself to recording the changes which he sees in progress, and appreciates their tendency; but he does not suggest that any action should be taken here. I am indeed of opinion that at the present time no action can be usefully taken in Tehran, and that we must watch events and see to what extent the Persian Prime Minister substantially fulfils his promises to me and the engagements which he took to the sheikh personally.

We are always on the horns of a dilemma over this question. If we reproach Reza Khan with failure to fulfil his promises, he may appropriately reply that the measures of which we complain are actually devised to protect the sheikh's own interests; and it would be difficult to disprove such a statement. It is as a matter of fact quite probable that some of the Arab tribes, as soon as they feel any weakening of the sheikh's authority, might try to pay off old scores against him; and the grounds for doing so are not lacking.

The question, however, really is this. Are we or are we not to consider that by saving the sheikh last autumn from the consequences of his own folly we have discharged our obligations to him honourably, and that our future action on his behalf can be limited to securing, so far as we can without prejudice to our own relations with the Persian Government, the observance of Reza Khan's promises as regards the sheikh's future position, while continuing to urge the sheikh to deal with Reza Khan direct in regard to matters affecting his own position and authority?

I think myself that, if we do not wish to risk again becoming embroiled in this Khuzestan question, the course which I suggest is the only possible one; our immediate attitude being to wait and see what becomes of Reza Khan's promise to review the whole situation down there in the spring.

In making this recommendation I beg leave to quote an extract from a minute by the Oriental secretary on the enclosed diary, with which I substantially agree:—

"In view of the new order of things which, so far as we can judge, has come to stay, the sheikh cannot possibly expect all his old authority to be restored to him, and I think we should be wrong in trying to obtain it for him. His position was incompatible with the present centralisation, and he would be well advised to adapt himself gradually to the new conditions. We have a strong Central Government, and the Foreign Office, it appears to me, wishes to support it, but if we ask the Persian Government not to treat Arabistan in the same way as any other part of Persia, that Government will suspect us and probably refuse to listen to us, or, if it does listen, we shall, whilst supporting it in other parts of Persia, appear to seek to reduce its authority in one particular place. Therefore, on the assumption that we are going to have permanently a strong Central Government, the best thing the sheikh can do is to adapt himself to present circumstances. As the Mohaisin Sheikh he is titular head of certain Persian Arab tribes, and the Persian Government will doubtless wish to retain him in that position on account of the influence which he wields, but his position will gradually tend to become more like that of a big landed proprietor of great local influence, susceptible of being called upon to govern certain tribes and districts in the name of the Persian Government."

Copies of this despatch are being forwarded to the Government of India, to His Majesty's High Commissioner, Bagdad, to His Majesty's consul-general, Bushire, and to His Majesty's consul, Ahwaz.

I have, &c.
PERCY LORAINÉ.

P.S.—Since drafting the present despatch, I have received a further diary from Mr. Peel, and enclose copy herein of paragraphs 12-15 (inclusive). This sheds a new light on current events in Khuzestan, and, I think, strengthens the view that the best attitude in present circumstances is to await the development of the local situation.

P. L.

Enclosure 1 in No. 58.

Extract from Diary No. 2 of 1925.

Diary of His Britannic Majesty's Consulate for Khuzestan Ahwaz for the Period ending January 24, 1925.

7. Sheikh of Mohammerah.

During the last fortnight the military occupation of Southern Arabistan has proceeded steadily. Military detachments have now been posted at the headquarters of all tribes who previously owned allegiance to the Sheikh of Mohammerah. Their distribution is as follows:—

Fallahiyeh (Chaab tribe): Naib Hassan Ali Khan with ten men
Beni Turuf: Naib Amin Aga with twenty men.
Miyanab and Karun: Naib Jalil-ed-Dowleh with six men.
Jarrahi, Dehmullah and Hindijan: Naib Muhammad Reza Khan with 200 men.

Ahwaz, Mohammerah and Abadan each have their Military Deputy Governors, and now that the control of the tribes has been definitely taken over from the sheikh there is nothing left for him and his sons except to sit in their houses and conceal their chagrin as best they can.

The nazmieh has been taken out of the hands of the sheikh and is rapidly being organised by Persian officials. New baladiyehs are being set up and controlled by locally elected committees, on which the anti-British element is strongly represented. Arrangements are being made for the opening of adliyehs in Ahwaz, Mohammerah and Abadan, when, to judge by the claims at present being entertained by the Deputy Governor of Ahwaz, all the executive acts of the sheikh or his subordinates during the last ten years will be called in question and restitution insisted upon. Indirect taxation is at a standstill, since the sheikh has no means of enforcing the old monopolies and no organisation capable of collecting indirect taxes in strict accordance with the law. The sheikh is therefore anxious to hand the collection of indirect revenue over to the Persian Government and obtain release from the agreement made with Colonel MacCormack, under which in existing circumstances he is a loser.

From his conversations with Sartip Fazlullah Khan, His Majesty's consul has gained the impression that the Persian Government have no intention of restoring the sheikh to his former position, which was one of virtual independence, but that they will be prepared to find places in the Administration for such of his sons as care to adapt themselves to the new régime. Indeed, it seems probable that, even if Serdar Sepah eventually carries out the letter of his promise by removing his Military Governor and Deputy Governors from the sheikh's territories, he will at the same time make the authority of the sheikh strictly subordinate to that of the Governor-General, who will not be a puppet, as heretofore, relying on the goodwill and co-operation of the sheikh, but will command the services of a large force of troops for the execution of his commands. In the meantime the organisation of the various Departments of the Administration is being undertaken by regular Persian officials on lines which seem intended to be permanent. The sheikh is beginning to realise all this, and is becoming extremely restive in consequence.

Enclosure 2 in No. 58.

Diary No. 3 of 1925.

Diary of His Britannic Majesty's Consulate for Khuzestan Ahwaz for the Period ending February 14, 1925. (Extracts.)

12. General.

It was to be expected that when the tumult and the shouting which signalise Serdar Sepah's visit to Arabistan had died down, a reaction would set in against the new régime, even among those who were foremost in clamouring for the overthrow of the sheikh. It is due to the rapacity and arrogance shown by the officers and men of the Khuzestan garrisons towards the people generally, and the Arabs in particular, that the reaction has been stronger and swifter than anyone would have thought possible six weeks ago. The sheikh has taken the only possible line in shutting himself up in his house and refusing to discuss details of the Administration with friendly heads of tribes who visit from time to time, but his enemies persist in ascribing to him designs of a *revanche* with British support.

13. Sheikh of Mohammerah.

His Excellency is busily engaged in cutting down his expenditure in order to try and meet increasing revenue demands with sadly diminished receipts. His retrenchment has taken the unwelcome form of a refusal to make further advances for the construction of the new consulate at Ahwaz. His Britannic Majesty's consul visited him at Failaveh ten days ago, when he lamented that it was impossible for him to remain at Mohammerah and retain his self-respect, and equally impossible to leave without serious risk of his properties being gradually filched from him.

14. Tribal.

The Arab chiefs of the Beni Turuf and Miyanab tribes were recently summoned to Dizful to interview the military authorities there, who relieved them of very considerable sums before granting them robes of honour and permitting them to return to their tribes.

The Beni Turuf, who were always less amenable to the authority of the sheikh than any other tribe, have been told to contribute 40,000 tomans to the Exchequer. Of this sum, 36,000 tomans is accounted as revenue, compared with the sum of 21,000 tomans which figures in the old revenue rolls. The balance of 4,000 tomans is to be earmarked for the upkeep of the Dizful school. In addition to the above, they will be required to pay taxes on all cattle, sheep, goats, &c., in their possession. Whereas the Sheikh of Mohammerah used to pay the chiefs of the tribe some 20,000 tomans every year as a subsidy, they will now get nothing from him. Incidentally, a military officer, Yawar Kasim Khan, has been made Ilkhani of the tribe.

The Chaab tribe of Felahiyeh, of which the Muhaisin tribe (to which the Sheikh of Mohammerah belongs) is a sub-division, has been placed in charge of one Abul Hassan Khan, with the title of Sheikh-ul-Mushaikh. This individual had long been on bad terms with the Sheikh of Mohammerah, and joined the Persian troops at Behbahan at the beginning of the sheikh's revolt. It was then that General Fazlullah Khan promised to make him overlord of the Chaab tribe, a promise which he has now fulfilled, to the great chagrin of the sheikh.

15. Bakhtiari.

Serdar Zafar is now at Malamir, having failed to square the Amir-i-Lashkar-i-Janub over the Janeki question. The latter wanted 10,000 tomans for concluding the deal, but Zafar, who is without funds, was afraid that the Amir would pocket the money and leave the bargain unfulfilled. This Amir-i-Lashkar appears to be unusually rapacious. He is credited with having taken 60,000 tomans for himself out of the Ram Hormuz area during a ten-days' visit. The relations between him and General Fazlullah Khan are very strained.

[E 2102/82/34]

No. 59.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 126.)

Sir,

Tehran, March 12, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 10 for week ending the 7th March, 1925, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINE.

Enclosure in No. 59.

(Secret.)

Intelligence Summary No. 10 for Week ending March 7, 1925.

Mazanderan.

1. It is reported that the Prime Minister has recently added to his already extensive estates in Mazanderan by purchasing more land to the value of 800,000 tomans.

Azerbaijan.

2. The American adviser to the Ministry of Public Works continues his propaganda in the press in favour of the development of the Tehran-Tabriz-Turkey route. He says that only 46 miles of railway have to be constructed to link up the present Tabriz-Julfa and Arablú-Maku tracks. The income of the Tabriz-Julfa Railway increased by 35 per cent. last year, but its working is seriously handicapped by the worn-out condition of the rolling-stock.

He states that the Ulan Company are prepared to undertake the construction of the proposed new railway and to supply the engines and rolling-stock required for the maintenance of the Tabriz-Julfa section.

A Bill is now before the Majlis proposing sanction to the expenditure of 85,000 tomans on the purchase of new engines for this railway.

3. His Majesty's consul at Tabriz reports that Sami Bey, the Turkish consul at Urumia, was expected at Tabriz on the 27th February *en route* to Turkey. (See also paragraph No. 9 of last week's summary.)

Tehran.

4. Reference paragraph 11 of last week's summary. Eleven of the twelve members of the Advisory Committee of Deputies have been elected. They represent all parties.

5. The pay of all Government Departments in Tehran, except the army, is months in arrears, and strikes have occurred among the employees of the Departments of Justice, Education and Health.

6. It is reported that Dr. Millspaugh has asked permission to take steps for the engagement of eight more American advisers, partly to fill the places of some who refuse to renew their contracts and partly to complete the establishment which he requires.

7. The general officers commanding the North-Western Division and the Northern Independent Brigade have been recalled to Tehran. The public announcement of their impending departure produced a crop of telegrams to the Government from their local partisans begging that they might be allowed to stay. The organised spontaneity of these was not lost on the War Minister, who, it is known from secret sources, has addressed a severe reprimand to the generals.

It is rumoured that the general officer commanding the Northern Independent Brigade, who has acted with energy and discrimination in a difficult position *vis-à-vis* the Russians in the Caspian provinces, is to be appointed to the command of the North-Western Division, and it is more reliably reported that he will be relieved in the Northern Brigade by Colonel Hisan-ed-Dowleh, who was recently on deputation in Europe buying military stores.

It is not yet known what appointment will be given to the present divisional commander.

8. The young men of Tehran recently challenged the mullahs by appearing in a

peaked kullah, which the mullahs declared to be unfitting to Moslems, as the peak prevented their forehead from touching the ground during prayers. The Government were unwilling to support the mullahs, as the troops have for some time now worn a peaked kullah; the young men remained obstinate in spite of a few isolated attacks on them by fanatical sayyids, and the mullahs were obliged to save their religious consciences and their dignity with the decision that the kullah was admissible, provided the peak was turned to the back during prayers.

9. The Junkers Company have issued a time-table of air services between Tehran and Isfahan, and Tehran and Baku, though, as far as is known, the terms of their contract with the Persian Government have not yet been approved by the Council of Ministers.

The time-table shows a weekly service leaving Baku at 9 A.M. on Tuesdays, arriving Enzeli at midday, leaving Enzeli at 2 P.M. and arriving Tehran at 4.30 P.M. The return service leaves Tehran on Fridays and arrives Baku on Saturday morning. Machines go to Isfahan on Wednesdays and return on Fridays in time to catch the service to Baku.

By this means Isfahan will be brought within twenty-eight hours of Baku. The fares per passenger are—

	Krans.
Between Baku and Enzeli	380
Between Enzeli and Tehran	440
Between Tehran and Isfahan	650

10. The press announces that an Italian citizen has tendered for the contract for motor services between Tehran and the Turkish frontier via Tabriz, Tehran and Khanikin. Tehran and Meshed.

The Italian citizen is probably Marrobie, the local agent of the Fiat Company, who has just suffered the cancellation of his contract for the carriage of mails by motor between Tehran and Enzeli.

11. The Kurdish rebellion has caused little comment in the Tehran press beyond a few expressions of sympathy, which are unlikely to be genuine, with the Turks. One paper remarks that, as the revolt obviously favours British desires regarding the northern frontier of Irak, no great perspicacity is required to discover its instigator.

12. Further instructions regarding the censorship of the press in Tehran were issued on the 2nd March, and as originally worded these were made to apply to the French and Russian wireless news sheets which are printed in Tehran. It is reported that the French and Soviet Ministers protested with success.

13. Reference paragraph 5 of Summary No. 8. The commission has been in Tehran for some time, and it appears that its investigations are not confined to commercial matters, but extend to all Soviet activities in Persia. It is lodged in the Soviet Legation. A report, which requires confirmation, says that it includes representatives of the Tcheka and of the Central Communist Committee of Moscow as well as genuine commercial experts. Two members recently flew to Isfahan.

14. A report, which requires confirmation, says that there is a serious divergence of political views between M. Shumyatski, the Soviet Minister, and M. Apresov, who has recently arrived in Tehran, returning, it is said, to his old post of Soviet consul-general in Khorasan. The latter is an energetic and enthusiastic Communist of decided views. It is said that both men have represented their points of view to Moscow, and in the Soviet Legation it is considered possible that Apresov may succeed Shumyatski.

Kerman and Baluchistan.

15. His Majesty's consul at Kerman reports that Vali Mohamed, Shirdil, of Narmashir, who, as previously reported (see paragraph 30 of Summary No. 31 (1924) and paragraph 18 of Summary No. 2), had made his peace with the Persian Government, has been in trouble with the finance authorities. The financial assistant of Bam with twenty soldiers went to Pusht-i-Gudar in January and took possession of the property of a follower of Vali Mohamed. The latter surrounded and detained the financial assistant until the property was released.

16. In the Baluchistan Agency Confidential Diary of the 15th January it is reported that the Persian garrison at Khwash, who had not been paid for some months, also ran out of rations, whereupon eighty of the camel sowars laid down their arms and refused to serve longer. The hasty obtaining of rations from Mirjawa persuaded them to change their minds.

Khorasan.

17. One of the rare instances where the influence of the mullahs is brought to bear in a good direction is reported by His Majesty's consul-general in Khorasan. At a meeting of the ulama held in Meshed early in February it was decided to announce that in their opinion many of the articles published in certain newspapers were subversive of the teachings of Islam. As a consequence the circulation of these papers has decreased. The particular organs prescribed were those which have been notorious for Bolshevik propaganda.

His Majesty's consul-general also reports that a censorship of the local press has been instituted by the new general officer commanding the division, who has ordered that any articles reflecting on foreign Powers are to be submitted to him personally.

It is reported that Naib Sarhang Fazlullah Khan of the Tehran police has been appointed Chief of Police at Meshed.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, March 7, 1925.

[E 2104/86/34]

No. 60.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 7.)

(No. 128.)
Sir,

Tehran, March 13, 1925.

THE contract between the American Financial Advisers and the Persian Government provides that it may be terminated by either party on the expiration of three years from the date of their appointment. In view of the imminence of such expiration, Dr. Millspaugh recently enquired whether the Government intended to take advantage of this provision, and the Government replied in the negative, stating at the services of the mission would be retained for a further two years.

A summary of the Prime Minister's letter conveying this decision and of Dr. Millspaugh's reply has been published in the press. In Sardar Sepah's letter the Government express their confidence in the mission and their satisfaction with the services which it has rendered, and declare that they do not wish to exercise their right to terminate the contract at the end of the three years about to expire. They hope that the mission will carry on their service with even greater enthusiasm and fulfil their important duty of improving the economic condition of the country and reforming the financial system.

In reply, Dr. Millspaugh expresses his gratitude for the confidence placed in him and his satisfaction at the prolongation of his contract. He promises to continue to serve with the same energy and sincerity and to endeavour, as an official and a friend of the Persian Government, to improve Persia's economic conditions. He adds that His Highness's letter has been communicated to the other members of the mission, and that he will inform the Persian Government later of their respective decisions to remain or return to America. As some have already left and more may do so, and as in any case the present staff is insufficient, he hopes that the Government and Majlis will agree to engage additional members. In conclusion, he requests leave to go to America for a few months, adding that this journey will be useful for the furtherance of certain plans for the economic revival of the country.

It is stated that Dr. Millspaugh has submitted a list of eight names of persons whose engagement he recommends as new members of the mission. I understand that among those of the present staff who wish to leave is Mr. Mitchell, who has distinguished himself as adviser to the Public Works Department by his activity in endeavouring to improve road communications, and who is, I think, the best disposed towards British interests and the most amenable to reason, with the possible exception of Major Hall, who, however, carries less weight with the head of the mission and whose absence from the capital, as Director of Finance in Khorassan, in any case renders him less influential.

I have, &c.
PERCY LORAINÉ.

[E 2080/88/34]

No. 61.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 6.)

(No. 129.)

Tehran, March 13, 1925.

Sir, I HAVE the honour to transmit to you, with reference to recent telegraphic correspondence, copies of communications which have passed between the British and French Legations on one side and the Persian Government on the other, relative to the national status of the Imperial Ottoman Bank's branches in Persia.

It will be remembered that, on opening its Tehran branch, the Imperial Ottoman Bank had, strangely enough, sought the protection of the French Legation alone. Correspondence had ensued between His Majesty's Government and the French Government, but, owing apparently to the indecision of the bank itself, it was not till December 1924 that agreement was reached on the joint Anglo-French protection of the bank; and even after this, as shown by my telegram No. 6 of the 10th January, my French colleague made a last vain attempt to secure exclusive French protection. Since then, however, there has been complete co-operation between the two Legations in endeavouring to secure capitulatory rights for the bank, and the only difficulty has been for us to find satisfactory answers to the questions put by the Persian Government in regard to the bank's legal nationality as established by its statutes and the circumstances of its foundation. I have good hope now of success.

The matter is of great urgency, owing to litigation in which the Bank has become involved; in one case judgment has been given against it in default of its appearance before the ordinary court of justice in consequence of its claim to the jurisdiction of the tribunal of the Ministry for Foreign Affairs. It is indeed somewhat surprising, in view of the evasive tactics of Persian debtors, that it has so long escaped from such difficulties; it was not till last autumn, apparently, that these became pressing, leading to the note addressed by Mr. Monson to the Persian Government on the 13th December, copy of which was enclosed in my despatch No. 573 of the 16th December.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 61.

Note to the Persian Ministry for Foreign Affairs.

LES Ministres d'Angleterre et de France ayant appris qu'en dépit des démarches orales faites précédemment par eux au sujet de la situation juridique de la Banque ottomane à Téhéran, il ne semble pas avoir été tenu compte de leur intervention, puisque des affaires ont été jugées par le tribunal de l'Adlieh, croient devoir attirer la plus sérieuse attention du Gouvernement impérial sur les conséquences de cette manière de procéder.

Les Ministres d'Angleterre et de France ont reçu des instructions formelles de leurs Gouvernements de réclamer pour la Banque ottomane, dont les sièges sociaux se trouvent à Paris et à Londres respectivement, les mêmes privilèges dont jouissent tous les ressortissants de la Grande-Bretagne et de la France en vertu des traités.

Les deux Gouvernements considèrent comme essentiel pour la réussite des affaires de la banque qu'elle jouisse de cette situation, et, à défaut de la lui voir accorder, il sera à considérer si la banque devra être encouragée à continuer ses opérations en Perse.

Dans ces conditions, les Ministres d'Angleterre et de France insistent pour obtenir une décision favorable dans un très bref délai, eu égard aux inconvénients que présente la situation d'incertitude actuelle.

Téhéran, le 19 janvier 1925.

Enclosure 2 in No. 61.

Persian Minister for Foreign Affairs to His Majesty's Minister.

(Translation.)

M. le Ministre,

Jaddy 30, 1303 (January 20, 1925).

IN reply to Mr. Monson's note of Kous 21 (the 13th December, 1924) in regard to the litigation rights of the Ottoman Bank, I have the honour to inform your Excellency that the matter was discussed in a Cabinet Council, when it was decided that the following information should be asked for:—

1. In what country the head office of the bank was first established?
2. It is customary for such institutions to have regulations setting forth that their operations should be conducted according to the laws of a particular country. What country is it in this case?
3. The Ministry of Public Works desires that the Ottoman Bank should give it some information regarding its capital, credit, property and programme.

On the receipt of this information the Government will announce their decision as to whether the bank is to be considered a Turkish institution and cases affecting it referred to the internal courts, or whether it is to be treated as a foreign institution and its suits heard in the Foreign Office Tribunal.

I avail, &c.

MOSHAR-UL-MULK.

Enclosure 3 in No. 61.

Anglo-French Note to Persian Government.

SE référant à la lettre du 20 janvier 1925 de son Excellence le Ministre des Affaires étrangères et conformément aux instructions de leurs Gouvernements, les Légations d'Angleterre et de France ont l'honneur de porter à la connaissance du Gouvernement impérial les renseignements suivants:

La Banque impériale ottomane a été fondée en 1863 avec un capital social de 250,000,000 de francs-or, représenté par des actions détenues en totalité par des porteurs anglais et français.

L'administration de cette banque, de par les statuts, a été confiée à deux comités composés chacun de dix membres, l'un anglais siégeant à Londres, l'autre français siégeant à Paris.

Reconnue comme établissement franco-anglais par le Gouvernement turc, la Banque ottomane n'a jamais cessé de jouir en Turquie d'une situation juridique particulière découlant du fait qu'elle y possédait un monopole d'État. Ailleurs qu'en Turquie la Banque ottomane a toujours été soumise à la législation en vigueur concernant les sociétés françaises et anglaises. C'est ainsi qu'en pays de juridiction capitulaire, comme l'Égypte, la Banque ottomane a toujours bénéficié du régime que lui accordait sa nationalité franco-britannique.

Dans ces conditions, les Légations d'Angleterre et de France estiment qu'aucune raison d'ordre juridique ne saurait être opposée par le Gouvernement impérial à la reconnaissance, avec toutes ses conséquences de droit, en Perse, de la nationalité franco-anglaise de ladite banque. Il convient, en effet, de considérer que le régime juridique spécial dont la Banque ottomane bénéficiait en Turquie en sa qualité de banque d'État concessionnaire ne la soumettait pas au droit commun dans les mêmes conditions qu'une société turque ordinaire.

Par suite, les Légations d'Angleterre et de France comptent bien que le Gouvernement impérial prendra d'urgence, vu que plusieurs procès sont en instance et plusieurs personnes intéressées, la décision favorable qui s'impose en ce qui concerne le statut juridique de cet établissement franco-anglais en Perse.

Il serait très regrettable si le Gouvernement impérial, en ne reconnaissant pas à la Banque ottomane la nationalité franco-britannique avec toutes ses conséquences de droit, la mettait dans l'obligation de fermer ses bureaux et de quitter la Perse, en lui causant ainsi un préjudice matériel considérable.

[13550]

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Les Légations d'Angleterre et de France prient le Gouvernement impérial de bien vouloir prendre les dispositions nécessaires pour qu'avant qu'une solution définitive ne soit intervenue, la Banque ottomane ne soit pas privée du bénéfice de la juridiction du Ministère des Affaires étrangères.

Le 18 février 1925.

No. 62.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 68.)

(Telegraphic.) R.

Foreign Office, April 7, 1925.

PERSIAN Government have for some time expressed earnest wish for exclusion of Persia from prohibited zones contemplated by proposed new Arms Traffic Convention (see "Arms Traffic" print, 11th October, section 1).

We assume that even if Persian Government could be made to understand that inclusion would involve no added difficulty in the way of Government acquiring munitions, they would still demand exclusion on grounds of *amour-propre*, and it would be worse than useless for us to resist their demand. Our object is to ensure, if possible, that private trade in arms in Persia and from Persia eastwards is stopped or strictly regulated. Now that illicit traffic in Persian Gulf and South Persia is reduced to small volume, what we are particularly anxious to stop is transit traffic in arms through Persia from Russia towards India. Russia will not be a party to the convention, and only Persian Government can stop this transit traffic. We should like to come to some understanding with Persian Government previous to meeting of Arms Traffic Conference at Geneva early in May.

Please inform Persian Government that we are ready to support their request for exclusion if they on their side will undertake to take active steps to carry out their own decree of 1900 by which importation into Persia of arms and ammunition of every kind is forbidden, except on specific authorisation of Persian Government, and if they will specify a limited number of ports (preferably Bushire and Mohammerah, or Bushire alone) as the only legitimate channels for the importation of arms and ammunition via the Persian Gulf and will make similar restriction in respect of land frontiers. His Majesty's Government will of course co-operate with the Persian Government no less actively than in the past in endeavouring to put a stop in the Gulf to a traffic which has had and might again have results seriously detrimental to Persia's own domestic interests.

[E 2057/324/34]

No. 63.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 166.)

Sir,

Foreign Office, April 8, 1925.

ON receipt of your telegram No. 69 of the 20th March I communicated with the Air Ministry on the subject of the possible establishment of a British air route to India across Persian territory, and a copy of my letter is enclosed herein. I also transmit to you a copy of the reply received thereto, from which you will see that the Air Ministry are anxious to engage the interests and goodwill of the Persian Government in such a scheme.

2. In these circumstances you are authorised to use your discretion in broaching the subject with the Persian Government in whatever way appears to you most appropriate, bearing in mind at the same time the fact that it is not possible at present to put forward a concrete scheme.

3. You are also authorised to mention the question of the aerodromes at Bushire, Bunder Abbas, Jask and Charbar in the sense suggested by the Air Council.

I am, &c.

AUSTEN CHAMBERLAIN.

[E 2080/88/34]

Enclosure 4 in No. 61.

British and French Joint Note to Persian Foreign Minister.

LES Ministres de France et d'Angleterre ont été saisis du désir du Gouvernement impérial de recevoir certains renseignements complémentaires à ceux contenus dans leur note du 18 février au sujet de la Banque ottomane. Ces renseignements auraient trait à quatre points :

1. Conformément aux lois de quel pays la banque a-t-elle été constituée ?
2. Les capitaux de la banque.
3. Dépendance des succursales en Perse.
4. Responsabilité des opérations en Perse.

1. En ce qui concerne la première question, les deux Ministres pensent que le Gouvernement impérial n'a pas complètement saisi la portée de leur note du 18 février. Dans cette note il est dit que l'administration de la banque a été confiée à deux comités : l'un anglais, siégeant à Londres, l'autre français, siégeant à Paris. Cette situation est consacrée dans les statuts mêmes de la banque, où il est expressément prévu que la banque sera contrôlée par ces deux comités. Les Ministres de France et d'Angleterre ne peuvent qu'ajouter que depuis sa fondation la banque a joui de la protection anglo-française, même en Turquie, où elle était pourtant concessionnaire et Banque d'État.

2. Les capitaux de la banque s'élèvent à £10 million, le capital versé à £5 million, la réserve à £1,250,000 — ou l'équivalent de ces sommes en francs-or. Les capitaux sont aujourd'hui les mêmes qu'au début.

3. Les succursales persanes dépendent administrativement de la succursale de Bagdad, qui se trouve elle-même sous la direction du comité de Londres.

4. Il résulte du paragraphe précédent que la responsabilité des opérations en Perse incombe à la direction de Londres.

Les Ministres de France et d'Angleterre se plaisent à espérer que ce complément d'information faisant suite à leurs communications précédentes suffira à dissiper les doutes du Gouvernement impérial et lui permettra de reconnaître la nationalité franco-anglaise de la Banque ottomane.

Téhéran, le 12 mars 1925.

No. 64.

High Commissioner, Bagdad, to Mr. Austen Chamberlain.—(Received April 9.)

(No. 195.)

(Telegraphic.)

Bagdad, April 7, 1925.

FOLLOWING from Sir P. Loraine:—

"Result of discussion with Secretary of State for Air is that no trans-Persian air service is at present a practicable possibility. We agreed that best statement to make to Persian Prime Minister is that no practicable discussion can take place until Cairo-Bagdad air route has been commercialised, and that when that is done a civil representative can be sent to Tehran for a friendly examination jointly with Persian Government of conditions in order to see whether any mutually advantageous scheme is feasible. Before leaving Tehran yesterday I heard that Persian Government have decided to reject Junkers contract proposals. I return to Tehran 8th April. Please telegraph me there as soon as possible whether communication to Prime Minister as suggested is approved."

[E 2099/2099/34]

No. 65.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 169.)

Sir,

Foreign Office, April 15, 1925.

I HAVE received your despatch No. 122 of the 11th March regarding the Vali of Pusht-i-Kuh.

2. I approve your proposal to pursue a policy of non-intervention in the dispute between the Vali and the Persian Government.

I am, &c.

AUSTEN CHAMBERLAIN.

[E 2265/324/34]

No. 66.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 16.)

(No. 133.)

Sir,

Tehran, March 18, 1925.

I HAVE the honour to inform you that in the course of a recent interview I asked the German Minister to tell me what was the situation as regards the negotiations between the Junkers Company and the Persian Government. Count Schulenburg said that Junkers' first proposals had not been acceptable, and he himself considered that their demands in the way of money were excessive. Now, however, they had come down to a more reasonable basis; the Persian Government had laid down the air services which they wished to see established in the following order of importance:—

1. Baku-Tehran-Isfahan.
2. Tehran-Khanikin.
3. Tehran-Isfahan-Shiraz-Bushire.

The negotiations were now concentrated on route No. 1, and the usual difficulties were being encountered; the Persians wanted to have everything on a very grand scale, but were not prepared to put down the money for it. He was by no means sure that the scheme would go through, but he was convinced that routes numbered 2 and 3 were pure "Zukunftsmusik."

Count Schulenburg was unable to tell me whether Junkers had any connections in London or were in contact with the director of civil aviation, though he thought it likely. I expressed the view that if there was no contact it ought to be established; this might avoid an undesirable clash of interests, and I thought it both fair and friendly to tell Count Schulenburg that, although no definite proposals had yet been made for the establishment of a British air service over Persian territory, it was quite probable that such proposals would be put forward in the near future. The matter

would be one of importance for us, as the direct route to India so obviously lay across Persia; I did not suppose that we should wish to interfere in any way or compete with German air services in Northern Persia, but I foresaw a distinct possibility of objection if enterprises other than British sought to establish themselves on air routes impinging on that to India. A scramble for position would be undesirable, and had best be avoided; on the other hand, an understanding and even an arrangement for connections as between two systems might be possible and even advantageous. I explained that these were my personal views, but I thought they would very likely be shared in London.

Count Schulenburg said he was very glad I had given him this useful indication, which he would bear in mind; he quite understood the point of view about the air route to India, and found it a perfectly natural one; moreover, he thought it most unlikely that Junkers would wish to clash in any way with our interests.

I am sending copies of this despatch to the Government of India and to His Majesty's High Commissioner at Bagdad.

I have, &c.
PERCY LORAINÉ.

[E 2266/18/34]

No. 67.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 16.)

(No. 136. Secret.)

Tehran, March 21, 1925.

Sir,
I HAVE the honour to transmit herewith copies of telegraphic correspondence with His Majesty's consul at Meshed respecting the Republican movement in Persia.

I have, &c.
PERCY LORAINÉ.

Enclosure 1 in No. 67.

Consul Haworth to Sir P. Loraine.

(No. 19.)

Meshed, March 19, 1925.

(Telegraphic.)

REPUBLICAN movement starting again in papers which are military censorship.
(Repeated to Delhi.)

Enclosure 2 in No. 67.

Consul Haworth to Sir P. Loraine.

(No. 19.)

Meshed, March 19, 1925.

(Telegraphic.)

MY despatch No. 6.

I had again interesting talk with Mutawali yesterday. He is in closest touch with Mudarris and with Royalist party. He states that Royalist party have no hope of Shah, whom they consider poltroon, their faith being in Valiahd; that return of Shah to Persia would be fatal for Royalist party, as Minister of War would force abdication, and then get rid of Valiahd. He states that Republican movement has never been anything but movement to get rid of Kajars constitutionally in order that Minister of War may assume crown. He considers there is no question of argument about this as he and others have had it from Minister of War himself that he desired to follow in steps of Nadir Shah and Karim Khan by first nominating puppet Shah. He added that the road was very dark, and it was difficult to determine pending further happenings, but that if Shah returned to Persia except under guarantee, it would be the end of the present chapter.

(Repeated to India.)

Enclosure 3 in No. 67.

Sir P. Loraine to Consul Haworth (Meshed).

(No. 15.)

(Telegraphic.)

Tehran, March 20, 1925.

YOUR telegram No. 19.

It would be convenient to have a separate despatch from you on this subject from the Meshed point of view.

You may be interested to know that insistent feelers have been put out here by Royalist party to induce us to encourage Shah to return. With the approval of His Majesty's Government, I have declined altogether to entertain any such suggestion.

We cannot be too careful to keep absolutely aloof from this internal Persian question, and I rely on you not to be drawn into any expression of opinion whatsoever.

Enclosure 4 in No. 67.

Sir P. Loraine to Consular Representatives in Persia.

(No. 7. Circular.)

Tehran, March , 1925.

HIS Majesty's Government are resolved to remain absolutely neutral and aloof from so-called question of régime in Persia. Whether the Shah remains, or makes way for the Valiahd or another member of the Kajar dynasty; or whether the dynasty itself is removed and replaced by another dynasty or a republic is an entirely domestic Persian affair. Matter is doubtless discussed at your post, and you should avoid being drawn into any expression of opinion whatsoever. The best advice we can give to Persia is to remain united, to ensure stability, to seek progress and to be sincere friends with foreign Powers who wish all three.

[E 2267/1566/34]

No. 68.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 16.)

(No. 137.)

Tehran, March 18, 1925.

Sir,

I HAVE the honour to inform you, with reference to your despatch No. 517 of the 25th October, that the German Minister called on me two days ago before departing on leave of absence. Count Schulenburg said he proposed while at Berlin to explain to his Government the situation in regard to the German treaty with Persia of 1873 and the Capitulations. The Persian Government were still obdurate in their refusal to renew for a further period of ten years the mutual renunciation by the contracting parties of the right to denounce the treaty at one year's notice, and he was very much embarrassed to know what best to do. He wished to save the treaty and the Capitulations for Germany, and remarked that the other Christian Powers were interested in the matter, generally on account of the question of extra-territorial jurisdiction, and particularly because, he asserted, the German treaty was the only one which specifically granted inviolability of domicile. His own inclination was to wait until the present Majlis dissolved and, during the interval of eight or nine months, before the new Majlis assembled, to bring pressure on the Persian Government to make satisfactory arrangements, the nature of which was not clear. He added, however, that chances of success would be meagre unless he were supported by other Christian Legations here. He asked my views regarding the possibility of this.

I replied that I could of course give him no assurance on the subject, and that, in my opinion, if and when a definite line of action were decided on between the German Government and himself, the best course would be to acquaint you, through the German Ambassador, with what was proposed, and thus enable you to decide whether any support could properly and suitably be afforded by this Legation. Until Berlin had made up its mind, it did not seem to me very useful to discuss hypothetical situations; but, if Herr Sthamer did approach His Majesty's Government in the manner suggested, I believed he would find the attitude of His Majesty's Government to be, in principle, one of aversion from any abandonment of the Capitulations, and

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from any weakening of the position in regard to the Capitulations due to the relinquishment or partial cession of similar rights by other Powers.

Count Schulenburg thanked me for this statement; he said that the method of handling the matter which I had suggested seemed to him the best one, and he would put it forward at Berlin

I have, &c.
PERCY LORAINÉ.

[E 2273/324/34]

No. 69.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received April 16.)

(No. 146. Confidential.)

Sir,

Tehran, March 20, 1925.

I HAVE the honour to inform you, with reference to my telegram No. 69 of to-day's date, that M. Jarolimek, the representative in Tehran of the Junker's Company, called on me this morning; he did so, because he had recently heard that this Legation had been entrusted with the care of Austrian interests in Persia, and therefore felt it his duty, as an Austrian citizen, to make my acquaintance.

The conversation which ensued was naturally concerned with the question of aviation in Persia, and several matters came to light of interest and importance, which I beg leave to bring to your notice:—

1. The Junker's Company are most desirous to do nothing in this country which we might regard as detrimental to British interests, or to collide in any way with those interests. M. Jarolimek made it quite clear to me that it would suffice for me to make our wishes known in any regard for them to secure immediate respect, and he assured me categorically that there was no question whatever of his company seeking a monopoly of civil aviation in Persia.

2. The Junker's Company, which is a purely German one, would be only too glad to work in harmony with any British company desirous of establishing air routes over Persian territory. They had excellent relations with Imperial Airways, Limited, and had been in communication with Sir Sefton Brancker. According to M. Jarolimek, Sir S. Brancker had let it be understood that some pioneer work in aviation in Persia by the Junker's Company was by no means unwelcome to British interests.

3. The Junker's Company were thoroughly disgusted with their dealings with Soviet Russia. They had already closed down the factory they had started in Russia, finding that the treatment of the Soviet Government and conditions generally in Russia of to-day rendered the conduct of satisfactory business quite impossible. The policy of the company now was to avoid any route which passed over Russian territory. If they succeeded in establishing a route via Braila and Trebizond, and Tabriz, they would probably abandon the Baku run.

4. Their experience of flying conditions in Persia was, on the whole, quite favourable. The most difficult and dangerous flight was between Tehran and Enzeli; the climatic and atmospheric conditions on either side of the Elburz range being totally different.

5. They are convinced that the only aeroplane of any use in this climate and altitude, and having regard also to the very primitive resources available for repairs, &c., is an all-steel machine. They consider that a wood and fabric machine will never stand the wear and tear of conditions in Persia nor the violent alternations of temperature.

6. M. Jarolimek told me in personal confidence that the Persian Government are contemplating placing a large order for aeroplanes, probably twenty machines, of the Junker type. These will be for the use of the Persian army, but will be unarmed, non-military machines.

As regards British interests in aviation in this country, I spoke to M. Jarolimek in much the same terms as I had used in the conversation with the German Minister reported in my despatch No. 133 of the 18th March.

I am sending copies of this despatch to the Government of India and to His Majesty's High Commissioner at Bagdad.

I have, &c.
PERCY LORAINÉ.

[E 2276/685/34]

No. 70.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received April 16.)

(No. 150. Very Confidential.)

Sir,

Tehran, March 25, 1925.

I HAVE the honour to inform you that the Minister for Foreign Affairs told me yesterday in private confidence of certain changes which are about to take place in the Persian diplomatic representation abroad, which are of some interest.

The present Persian Minister in Rome, Ghaffar Khan, Djelal-es-Sultaneh, is being sent to Washington. Ghaffar Khan is well known in London, where he was for a long time attached to the Persian Legation. He was afterwards Minister in Stockholm. He talks a great deal in fluent English, but is unlikely in my opinion to cut much of a figure in the United States of America.

Ghaffar Khan is to be replaced in Rome by Entezam-ul-Mulk, the present Under-Secretary of State at the Persian Foreign Office. Entezam-ul-Mulk is clever and has considerable ability; he also possesses a very passable veneer of European culture and manner. I regard him as ambitious and fairly unscrupulous; he has been correct in his relations with this Legation, but is not, in my opinion, animated by any friendliness towards us. Entezam-ul-Mulk can be relied on to swim with the current, and he is an astute observer of its set.

Zoka-ed-Dowleh is being brought back to Persia from Berne, where he will be replaced by a Chargé d'Affaires, Dr. Ismail Khan, Amin-ul-Mulk, a friendly, agreeable, and well-mannered gentleman of some attainments. Zoka-ed-Dowleh's departure is due to the new law regarding representatives abroad, and it is a thoroughly good riddance. The activities and influence of this Persian diplomatist have been exerted throughout his mission in an anti-British sense, and his unfriendly conduct has on several occasions given rise to complaint. He is a courtier and owes his appointment and maintenance in Berne to the Shah. His Imperial Majesty has considerable private investments in Switzerland, and Zoka-ed-Dowleh's principal duty was to look after these.

I have, &c.
PERCY LORAINÉ.

[E 2279/82/34]

No. 71.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received April 16.)

(No. 155.)

Sir,

Tehran, March 26, 1925.

I HAVE the honour to transmit herewith a copy of the military attaché's Intelligence Summary No. 11 for the period ending the 23rd March, 1925.

I have, &c.
PERCY LORAINÉ.

Enclosure in No. 71.

Intelligence Summary No. 11 for the Period ending March 23, 1925.

(Secret.)

Khorassan.

HIS Majesty's consul-general at Meshed reports that the Serdar of Bujnurd has been arrested, together with a number of his relations and servants, and arrived at Meshed on the 18th March. His arrest is due to alleged intriguing with Turkomans. Shuja-ul-Mulk, the chief of Bakharz, on the Afghan frontier, is also being arrested.

Several districts in Khorassan, including Bujnurd and Meshed, have been placed under martial law by the Amir Lashkar.

2. It is reported that the Prime Minister has ordered the Serdar of Bujnurd to be sent to Tehran.

The military attaché at Meshed reports that a mixed force of 750 strong has been sent to Bujnurd.

The garrison of Bujnurd, with the exception of a few cavalry, were recently removed to Meshed after the mutiny which occurred at the former place (*Vide* paragraph 5 of Summary No. 6.)

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Gilan.

3. The Russians are reported to have formed a Women's Association in Resht, which has as its slogan: "Down with the veil!" The president is Mme. Levitski, the Russian consul's wife.

Azerbaijan.

4. Reference paragraph 7 of Summary No. 9. The Tabriz-Trebizond route has been opened again and caravans are moving freely.

5. Reference paragraph 3 of Summary No. 10. His Majesty's consul at Tabriz reports that Sami Bey, the Turkish consul at Urumia, stayed for nine days in Tabriz and left for Angora by train on the 8th March. He announced that he would be returning to Urumia in two or three months.

Tehran.

6. In contrast to last year, the Persian New Year was celebrated by a reception of the members of the Diplomatic Corps by the Vali 'Ahd and a ceremonial parade of the troops at the Gulistan Palace.

Similar ceremonies took place on the 23rd March on the occasion of the anniversary of the Shah's coronation. In the evening the Prime Minister gave a big dinner and reception at the Gulistan Palace, followed by a display of fireworks.

7. Reference paragraph 5 of Summary No. 10. A large proportion of the pay due to Government employees has been disbursed during the last few days on the occasion of "Noruz."

8. The press states that all the Governors of provinces have been instructed to prevent intending pilgrims from going to Mecca on account of the disturbed conditions there.

9. The Majlis has passed a Bill taxing Persian tobacco consumed in the country, according to weight. Hitherto the tax has only been on the tobacco crops.

10. The press states that fifteen more students are going to be sent to France for military training. Those at present undergoing training in France will return to Persia this summer.

11. Reference paragraph 20 of Summary No. 9. It is reported in the press that the Council of Ministers have sanctioned the expenditure of 10,000 tomans for the purchase of the necessary machines, &c., for the Perso-German school. The Ministry of Education have asked the Prime Minister to authorise the exemption of articles imported for the school, from customs dues. A large number of cases of this machinery, &c., are stated to have arrived at Bushire.

12. A draft Russo-Persian Fisheries Treaty is reported to have been submitted to the Majlis by the Public Works Ministry. According to the treaty, the Russians are to have complete control of the fisheries for twenty-five years and will pay the Persian Government 80,000 tomans a year for the concession and 15 per cent. on net profits. The amount will actually be credited towards the Persian Government's share of the capital, which it is unable to pay up at present. The immovable property is to be jointly owned by the two Governments, who will give free transit to all material, &c., required.

13. The German Minister, Count Schulenburg, left Tehran on the 18th March by Junker's aeroplane for Baku, whence he is going to Germany on leave, and is expected to return to Tehran early in June.

14. Amir Iashkar Ahmed Agha Khan, who was recently recalled from command of the Western Division, has been appointed a member of the Supreme Military Council.

15. It is reported in the press that Khalissi, the exiled mujtahid from Irak, has decided to come to Tehran from Meshed.

16. The Persian Government has reduced the road tolls hitherto levied on motor vehicles on the main roads, such as Tehran-Kazvin, Tehran-Gilan. The reduction in the case of passenger cars is 15 per cent., and on lorries 30 per cent., while the separate tolls hitherto levied on all travellers are to be entirely discontinued.

17. Reference paragraph 16 of Summary No. 8. The Conscription Bill has passed the first reading in the Majlis.

Kuhzistan.

18. His Majesty's consul at Ahwaz reports that the military occupation of Southern Kuhzistan is proceeding steadily. Detachments have been posted to the

headquarters of all the tribes who profess allegiance to the Sheikh of Mohammerah and the latter's control over them has lapsed for the present.

The police force, municipalities and courts of justice are being taken over by Persian officials. These changes have resulted in the deprivation of all the sheikh's powers, and he and his sons have practically retired into private life.

19. His Majesty's consul at Ahwaz reports that, on the 19th February, two military deserters were robbed and killed by Arabs in the neighbourhood of Shush. It was a clear case of isolated brigandage, but the Russian consul and his satellites immediately spread the report through the town that the affair had been instigated by His Majesty's consul, who had just returned from a visit to Shush. Fortunately, one of the deserters was able to make a clear statement of the facts to a military officer before his death. The murderers have been arrested.

20. Reference paragraph 11 of Summary No. 7. His Majesty's consul at Ahwaz reports that the fourteen guns in question have been handed over to the Persian authorities. The Sheikh of Mohammerah is also reported to have made the General Officer Commanding Kuhzistan a present of 2,000 rifles, which are at present distributed among his tribesmen.

Pusht-i-Kuh.

21. Reference paragraph 21 of Summary No. 9. Salar Ashraf visited His Majesty's Minister on the 17th March, and said that the Vali of Pusht-i-Kuh had tendered his submission to the Persian Government and it had been accepted. The Persian Government have sent Sarhang Baghar Khan with a sword of honour to meet the Vali and bring him back to Pusht-i-Kuh. Salar Ashraf asked His Majesty's Minister to telegraph to his Excellency the High Commissioner at Bagdad to ask the Vali to go to Badrah pending the arrival of Sarhang Baghar Khan. On receiving confirmation of the above from the Prime Minister the necessary telegram was sent.

Fars.

22. His Majesty's consul-general at Bushire reports that the "Pehlevi" is still in port. The contract of the crew expired about the end of 1924, and, as the men had not been paid, they struck work. The local representative of Messrs. Undeutsch has telegraphed to the German Legation on behalf of the men. It is understood the captain and chief engineer will be retained in the service.

23. Reference paragraph 18 of Summary No. 7. The General Officer Commanding Southern Division is reported to have moved his headquarters to Shiraz from Isfahan on the 18th February.

24. It is rumoured that the Persian Government has ear-marked 80,000 tomans for repairs to the Bushire-Shiraz road, and that work has been commenced by the military. This amount would be totally inadequate to put the road in a proper state of repair.

(For the Military Attaché),
J. WINSHAM, Captain.

Tehran, March 23, 1925.

[E 2280/950/34]

No. 72.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 16.)

(No. 156.)

Sir,

Tehran, March 26, 1925.

I HAVE the honour to acknowledge the receipt of your despatch No. 82 of the 25th February, and to inform you that I have read a French rendering of that paper to Prince Firouz, who called on me this morning. His Highness listened with close attention and begged me to express to you his very genuine thanks for your considerate decision, which he fully understood and respected.

His Highness furthermore expressed a deep sense of obligation to myself for having put things straight for him with His Majesty's Government and his gratification at being allowed to start a new chapter in his relations with us.

I have, &c.

PERCY LORAINÉ.

[E 2100/136/34]

No. 73.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 176.)

Sir,

Foreign Office, April 20, 1925.

I DULY received your despatch No. 123 of the 12th March, relative to the progress of the military occupation of Southern Arabistan by Persian Government troops and the effect produced thereby on the position of the Sheikh of Mohammerah.

2. I approve the attitude of non-intervention which you propose to adopt and I agree that it is desirable to wait to see what becomes of Reza Khan's promise to review the whole situation in Southern Arabistan in the spring.

I am, &c.

AUSTEN CHAMBERLAIN.

No. 74.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 73.)

(Telegraphic.)

Foreign Office, April 23, 1925.

(R.) ANGLO-PERSIAN Oil Company inform me that Sheikh of Mohammerah was arrested 19th April in presence of Military Governor, supported by armed forces, with utmost secrecy and without serious incident. Sheikh was escorted to Dizful accompanied by son Abdul Hamid.

I have now received appeal on his behalf from Mirza Muhammad, his agent at Basra.

"Times" also, reporting incident, states that sheikh has been taken to Ahwaz on the way to Tehran. (End of R.)

Circumstances are unknown to me, but unless sheikh had recently behaved insubordinately, action of Persian authorities is much to be deprecated. While I am prepared to give you considerable latitude, as suggested in last paragraph of your private letter of 25th March to Mr. Oliphant, this arrest is in any case most unfortunate, and you may, if you think it desirable, inform Persian Prime Minister that I have learnt of it with grave concern.

No. 75.

Mr. Monson to Mr. Austen Chamberlain.—(Received April 24.)

(No. 91.)

(Telegraphic.) R.

Tehran, April 23, 1925.

ALL efforts of Persian Government and Legation to persuade Sheikh of Mohammerah to come here having failed, Prime Minister has felt compelled to bring him up under escort. He is being treated with all consideration on the way.

Prime Minister adds that step is taken purely in sheikh's own interests, and that he has most friendly sentiments for him.

Minister being kept fully informed.

All quiet.

(Sent to Isfahan.)

[E 2502/136/34]

No. 76.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 27.)

(No. 167.)

Sir,

Tehran, April 3, 1925.

IN continuation of correspondence ending with my despatch No. 123 of the 12th March, I have the honour to inform you that, in an interview which I had on the 1st April with the Prime Minister, his Highness adverted to the question of the Sheikh of Mohammerah's properties. He said that the sheikh had recently written to him that he was desirous of dividing up his properties amongst his sons and then

of going on a journey. He informed me that he had asked the sheikh not to go away yet, but that, if he really wished to leave Arabistan for a while, he would be glad if the sheikh would substitute for travel abroad a journey to Tehran, where his presence would be helpful in settling this question legally and properly. His Highness added that he had sent a personal message in this sense to the sheikh through Mr. Monypenny, and had asked the latter to assure the sheikh that his Highness really wished to regularise and legalise the sheikh's position in regard to his properties and obtain the ratification of the Majlis in that question, and that his task would be considerably easier if only the sheikh were present at that time in Tehran.

His Highness asked me to believe that he really wanted to do the sheikh a good turn in this matter, and added that he had, while in Arabistan, given the sheikh his word to see it through for him.

I told his Highness that, if he could manage to do that, it would simplify my task enormously. I reminded him that last autumn we were placed in a most embarrassing position; on the one hand stood our definite assurances to the sheikh—of which he now had full information; on the other, our general duties to the Persian Government and our desire to see and help a strong and stable Central Government in Persia. If he succeeded in his plan and, as it were, took over our promises to the sheikh, I thought personally that His Majesty's Government might take the view that these obligations on our part were no longer required; in that case, there would be a clear and definite situation, and we should be able to regard the future with a much greater degree of equanimity. I added that, if I could help to bring about the realisation of his plans, I was ready and willing to do so.

His Highness said that he mentioned the matter now, as Mr. Monypenny might be shortly arriving in Ahwaz, and, as a result of his communication, the sheikh might enquire of me as to what my views on the question were, and if I could help his Highness in attaining his object he would be grateful.

I replied that I was willing to do all I could to realise the result aimed at, and that I would telegraph to Mr. Monypenny to communicate the sheikh's reply to the Legation and send me a copy to Bagdad, where I should be at the time Mr. Monypenny arrived in Ahwaz.

I am hopeful that, if the sheikh can be persuaded to come to Tehran, the matter of his properties can be settled to his satisfaction; His Majesty's Government may then consider that their written assurances to his Excellency might suitably and honourably be allowed to lapse, and the duty of protecting him passed on to the Persian Government. This would be a very welcome result, and one which we should, in my opinion, strive earnestly to achieve.

In conclusion, I have the honour to transmit a report by Mr. Monypenny of his farewell interview with Serdar Sepah before proceeding to take up his duties at Ahwaz. It is instructive as showing Serdar Sepah's benevolent attitude to the sheikh and his hopes for the future of Arabistan.

I am sending copies of this despatch to the Government of India, His Majesty's High Commissioner at Bagdad and to His Majesty's consular officers at Bushire and Ahwaz.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 76.

Record of Interview between His Highness Serdar Sepah and Mr. Monypenny on March 20, 1925.

1. Sheikh of Mohammerah.

Serdar Sepah expressed confidence that there was no longer any possibility of serious difficulties arising in Khuzistan between the Sheikh of Mohammerah and the Persian Government. The first few months, which were naturally the most critical in the period of transition, had passed without danger, and the arrangements made by the military authorities rendered a repetition of the crisis in an acute form well-nigh impossible. In this respect he was entirely satisfied. On the other hand, he much regretted that Sheikh Khazal still maintained an attitude of suspicion towards himself and the Persian Government. He had tried, but failed, to gain the sheikh's confidence. He himself considered that their quarrel was past, and he no longer had any cause for complaint against the sheikh. He bore him no grudge and wished him no harm; the question of the sheikh's taxes had been settled; a military

régime had been established in Khuzistan, and the province now enjoyed peace and order, but still the sheikh was distrustful and suspicious.

Serdar Sepah had recently received a letter from the sheikh, in which the latter complained that his Highness had ignored him and had not given him an opportunity to prove his loyalty to the Persian Government and to show his desire to serve his country. The sheikh therefore wished to leave Persia, but, before doing so, to divide his property among his sons. He requested Serdar Sepah's permission to do so. The latter had replied, allowing the sheikh complete liberty of action, but regretting his intention to leave Persia. He also thought the present an unsuitable moment for the division of his property, but he did not wish to interfere with his plans.

In his opinion, however, the following course of action seemed most desirable and in the best interests of the sheikh. The latter should either come to Tehran himself or send a suitable representative with full authority to deal with the question of his properties. Serdar Sepah himself volunteered to assist the sheikh to establish fully his right to all the property he now possessed, and to obtain a mandate from the Majlis legalising the sheikh's ownership and removing all possibility of future trouble. The sheikh should draw up a complete list of all his houses, lands, date-groves, &c., and send it as soon as possible to Tehran, where it would receive Serdar Sepah's personal attention.

His Highness was fully aware of numerous claims against Sheikh Khazal now being submitted to the newly-formed branch of the Adlieh in Khuzistan, but he had given strict orders to that Department to pay no attention to such claims. If there were disputes which required investigation, the Military Governor had been instructed to settle them in an amicable manner. Sheikh Khazal could rest assured that Serdar Sepah would do his utmost to regularise and confirm the sheikh's ownership of all the properties he now possessed. The sheikh must, however, realise that he could no longer acquire further property in Khuzistan by methods which he had employed in the past, but must conform to the ordinary laws of civilised society, and would be entitled only to buy and sell property in a manner similar to any other landlord.

His Highness added that the indirect revenues of Khuzistan were being collected by the Ministry of Finance, and that in future the taxes due by Sheikh Khazal to the State would be based on the value of his property alone. He would no longer be responsible to the State for the collection of other revenues.

His Highness thought that the question of the arrears of taxation due by the sheikh was being liquidated satisfactorily, and that certain reductions had been allowed owing to the removal of the indirect taxation from the control of the sheikh, and further reductions authorised owing to damage caused to his properties by flood last year.

In reply to an enquiry regarding the future status of Sheikh Khazal, his Highness spoke at considerable length on the harm that the sheikh had done to himself by his open defiance of the Persian Government. He realised the sheikh's position as a great "serdar" on the frontier of Persia and the valuable services rendered by him in the past to his country. But for his open rebellion last year, it might have been possible for Serdar Sepah, after his visit to Khuzistan, to appoint the sheikh as the official Governor of the province on behalf of the Government.

Under the circumstances, however, it was at present impossible for Serdar Sepah to reinstate in his former position a man whom the Majlis had so recently denounced as a rebel. The sheikh had not, however, been replaced in favour of another Civil Governor. Present circumstances required the establishment of a military régime, which would be maintained until measures had been taken for the complete pacification of Khuzistan and the adjoining provinces. Serdar Sepah considered that the future position of Sheikh Khazal would depend largely on the latter's attitude towards his own Government and compatriots. He urged him strongly to pay a visit to Tehran, to acquaint himself with events and personalities in the capital, and to get into touch with the politics of his own country. He felt certain that this was the only way in which the sheikh could gradually dissipate the atmosphere of suspicion and hostility which his acts had created in the minds of his compatriots.

2. Dizful-Khorremabad Railway.

Serdar Sepah stated that travellers and caravans were now able to use the Khorremabad-Dizful road in comparative safety. The task of the disarming of the Lurs must be continued, and he also intended gradually to disarm the Arab tribes in

Khuzistan. Later, he hoped to build a railway over this route, and he wished to make a contract with the Anglo-Persian Oil Company for its construction. He wished to avoid the necessity of an external loan, which would burden the national finances, and he intended shortly to submit a Bill in the Majlis authorising a tax on sugar, tea and matches, whereby it was hoped a sum of about 3 million tomans a year would be collected. This money would be set aside and used, as required, for the construction of the railway. A contract would be preferable to a concession, and initial expenditure difficulties would be reduced owing to the existence on the spot of the company's engineers and surveyors with local knowledge and of the transport facilities already created.

Serdar Sepah spoke with apparent enthusiasm of the future of South-West Persia, and expressed the opinion that the construction of the railway should facilitate the promotion of schemes for cotton cultivation in Khuzistan and for the exploitation of the reported mineral wealth of Luristan.

R. G. MONYPENNY.

Hamadan, March 27, 1925.

[E 2472/1566/34]

No. 77.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 27.)

(No. 177.)

Sir,

Tehran, April 6, 1925

I HAVE the honour to inform you, with reference to the correspondence on the subject of capitulatory rights in Persia, ending with Mr. MacDonald's despatch No. 499, Secret, of the 14th October, 1924, enclosing copy of a despatch No. 488 of the 24th September, from His Majesty's Ambassador at Madrid, that an important development has now taken place in the question of criminal jurisdiction, in consequence of two recent cases in which British subjects were accused of assault on Persians.

In the first case, one of mild assault by a European employee of the Anglo-Persian Oil Company at Abadan against a Persian employee, after provocation, the Karguzar summoned the accused through His Majesty's vice-consul at Mohammerah. The accused did not appear on due date, whereupon the Karguzar passed judgment *ex parte*, fining the accused 600 rupees, although no representative of the vice-consulate was present. In the second case, in which the assault was much more serious and without provocation, the Karguzar asked His Majesty's vice-consul to produce the accused in his court. Pending instructions, the vice-consul took no action on this request.

My first intimation of trouble was the receipt of a telegram from His Majesty's consul at Ahwaz enquiring whether he was correct in assuming that criminal cases, in which the accused was a British subject and the complainant a Persian, must be heard in the consular court and not in that of the Karguzar. After careful consideration of Mr. MacDonald's despatch No. 92 of the 19th February, 1924, it appeared to me that I should be technically justified in replying to Mr. Peel's question in the affirmative; on the other hand, the Persian Government would be sure to contest this view, and the whole question would flare up in an acute dispute, which it seemed clear, from paragraph 8 of the despatch, that His Majesty's Government, like myself, would prefer to avoid. In these circumstances, the French procedure, mentioned in the memorandum enclosed in the despatch, appeared to me the most desirable.

In the first place, however, I informed Mr. Peel that His Majesty's Government wished to avoid raising the question, and requested him to furnish me with details of the case which had prompted his telegram. In reply, he telegraphed the details quoted in the second paragraph of this despatch. I thereupon instructed the Oriental secretary to see the Minister for Foreign Affairs, and requested his Excellency to rebuke the Karguzar for irregular action in the first case and, as regards the second, to point out to his Excellency that, according to British law, it would be impossible for us to execute a judgment passed by a Persian court. Mr. Havard was to endeavour, therefore, to arrange for a preliminary ("instruction") in the Karguzari, and the trial in the consular court.

As a result of this representation, Mushar-ul-Mulk agreed to telegraph to the Karguzar (1) that the procedure followed in the first case was not in accordance with established custom, and that he should conform strictly to that custom; and (2)

that in all such cases of assault and battery (minor criminal offences), he should try, with the consular officer, to arrive at a settlement by amicable agreement. If this was impossible, he should hold an enquiry in the Karguzari in the presence of a consular representative in order to establish a *prima facie* case against the accused, and then hand him over to the consulate for trial and sentence.

I believe that we have thus secured, without raising an embarrassing dispute with the Persian Government, as satisfactory a result as could be expected in any case, and I trust that it will meet with your approval. In that event it will prove to be an extremely valuable precedent.

I am forwarding a copy of this despatch to His Majesty's consul at Ahwaz.

I have, &c.

PERCY LORAINÉ.

[E 2478/82/34]

No. 78.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received April 27.)

(No. 184. Secret.)

Sir,

Tehran, April 7, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 12, for week ending the 4th April, 1925, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 78.

Intelligence Summary No. 12 for the Period ending April 4, 1925.

(Secret.)

Gilan.

1. The transfer of Sartip Mohamed Hussein Khan, the General Officer Commanding the Northern Independent Brigade, to the command of the North-Western Division has been temporarily postponed (see paragraph 5 below).

2. Reference paragraph 1 of Summary No. 1, the Persazneft authorities some time ago abandoned their previous attitude regarding the buildings and reservoirs of the Svenska Iran occupied by them, and agreed to discuss terms for the renewal of the lease. After some weeks of haggling the representative of the Svenska Iran, wearied by their evasions, broke off negotiations, and has filed a suit in the Karguzar's court. It is unlikely that even a Persian court can fail to uphold the case of the Svenska Iran, and it will be interesting to see what steps are taken by the Persian authorities to enforce the decision of the court.

3. Five Russian engineers, to be employed on the upkeep of the harbour of Enzeli and the wireless station, arrived in Enzeli early in March.

4. The name of the town of Enzeli has been changed to Pehlevi.

Azerbaijan.

5. The transfer of the General Officer Commanding the North-Western Division to Tehran has been temporarily postponed, possibly owing to the public clamour in favour of his continued retention in Azerbaijan.

Tehran.

6. The political situation appears to be quiet. The most important measure before Parliament at the moment is the Bill for Compulsory Service, which, in spite of the multitude of trivial amendments which have been proposed, appears to have been favourably received. The attitude of the mullahs is not yet clear.

7. Apparently genuine efforts are being made by the Prime Minister to secure the despatch of a telegram from the Majlis inviting the Shah to return. Seventy members have signed a draft, but, for party or other reasons, the remainder are still obdurate.

8. The Prime Minister, addressing his officers on the Persian New Year's Day, told them that still greater demands would be made on them in the coming year. He regarded it as his great task to make Persia independent of foreign assistance.

The time had now come to work for the extension of this independence to the economic sphere.

9. On the 24th March one mast of the Tehran main wireless installation was erected with formal ceremony. The Prime Minister and the Soviet Minister were present. According to the report of an informant who was present, the former, in his speech, said this was only the first step; there would soon be installations at the headquarters of each division. M. Shumyatski said that the part played by Russia in the provision and erection of this station was evidence of the brotherly love of Russians for Persians. The general officer who has been put in charge of the Persian wireless service, Sartip Abdur Reza Khan, lately Deputy Chief of the General Staff, is reported to have said in his speech that although no trained Persians were yet available, it was hoped they would be before the end of the year.

According to a report published in the press Berlin and Peking will be within transmitting range of the installation. It is hoped to obtain some more accurate details.

10. A school of instruction in wireless telegraphy for forty pupils is reported to have been opened at Kasr-i-Kajar, the site of the main installation.

11. The Majlis has recently agreed to a proposal to revert to the old Persian names of the months, which are as follows:—

	Days.
Farwardin (beginning on the 21st March)	31
Ardi Behisht	31
Khardad	31
Tir	31
Amardad	31
Shahryur	31
Mihr	30
Aban	30
Azar	30
Dei	30
Bahman	30
Asfand (30 days in leap years)	29

Instructions have been issued to bring this calendar into force at once.

12. His Majesty's Minister has been confidentially informed by the Minister of Public Works that the Junkers Company's proposals for the establishment of aerial posts in Persia have been definitely turned down by the Council of Ministers on the ground of expense.

13. It is announced in the press that the Persian Government has agreed to the proposal of the Egyptian Government to appoint a Minister to Persia. A certain Abdol Azim Khan is said to have been approved as the first incumbent.

14. The following are the reported names of some of the members of the commission now investigating Soviet concerns in Persia:—

Nazarov: Chief commercial inspector.

Zierfeldt:

Grossman:

Grobshuiski: Inspector of Perskhlopkom.

Pelibovski: Inspector of Naftkom.

Bernaishaim: Inspector of Naftkom.

Zaitinmudir: Director-in-chief of Soviet trade organisations in the Ukraine.

The reports as to the posts they occupy are not completely reliable. Some of them have already left.

It is reported by an informant who is in touch with Russian circles in Baku that the cause of the despatch of this commission is the very unsatisfactory financial condition of all Russian trading organisations, both at home and abroad, and the realisation of the urgent necessity for reorganisation.

15. It is now more or less common property that M. Shumyatski is being relieved of his post, and it is said that he will leave Tehran before the end of April.

In Bolshevik circles it is said that M. Shumyatski's recall is due to—

(a.) Adverse criticisms of his policy sent direct to Moscow by Apresov, now consul-general in Khorasan.

(b.) The report of the commission which has been investigating the condition of Soviet affairs in Persia. (See paragraph 13 of Summary No. 10.)

In support of (a) is the report of His Majesty's consul-general at Isfahan that after the departure of M. Apresov for Meshed (see paragraph 19 of Summary No. 8) M. Tardov had asked him to assist in getting from the Indo-European Telegraph Department the copies of all telegrams sent direct to Moscow by Apresov, as these were required by M. Shumyatski.

16. It is reported that a few employees of Russian concerns in Persia are being returned to Russia on account of doubts as to the sincerity of their Bolshevism. These are said to include the director of the Sharq Trading Company and one of the Russians employed on the erection of the Persian wireless station.

Luristan.

17. The new General Officer Commanding the Western Division (see paragraph 17 of Summary No. 8), on his arrival at the headquarters of his command, published a very conciliatory proclamation to the Lur tribes, in which he set forth the benevolent intentions of Government towards even those tribes who were still in opposition.

Pusht-i-Kuh.

18. The Vali has been reinstated as Governor and has been conducted back to Pusht-i-Kuh by the colonel of the Persian army who was sent to Bagdad to present him with a sword of honour from the Prime Minister.

The details of the terms accepted by the Vali are not known, but, according to the Prime Minister, they include the disarmament of his tribes.

Bushire Hinterland.

19. A small force of 300 infantry, two machine guns, one pack gun and a few cavalry left Borasjun about the 7th April as an escort to the Finance Agent and Deputy Governor of Dashti and Dashtistan, for the collection of revenue in the latter's district.

Fars.

20. The two tanks, of which the arrival at Shiraz was reported in paragraph 26 of Summary No. 49, 1924, and which have been delayed at Shiraz by the state of the roads, left Shiraz for Isfahan on the 18th January.

They had not arrived in Isfahan up to the 15th March.

Kerman and Baluchistan.

21. His Majesty's consul-general at Bushire reports that there has recently been inter-faction fighting at Dashtyari in the hinterland of Gwatar on the Persian Gulf. The trouble originated in the expulsion by Din Mohamed, the Chief of Dashtyari, of the Chief of Gwatar. Dashtyari was being attacked at the time of the report (the 31st March) by the friends of the latter.

22. His Majesty's consul at Kerman reports on the 28th February that the Governor-General of the province had been ordered to take steps in co-operation with the military authorities to settle the trouble which was brewing in Dashtyari. The Governor-General is glad of this opportunity of clearing up the question of his responsibility for Persian Baluchistan, as, according to what he told His Majesty's consul, he had been informed by Dost Mohamed some two months previously that he (Dost Mohamed) was directly subordinate to Tehran and independent of Kerman, and this was borne out by the fact that for some time past sealed communications from Tehran addressed direct to Dost Mohamed had been passing through his hands for forwarding.

A further indication of the lack of co-ordination between the departments concerned is the fact reported by His Majesty's consul that a financial mission has been secretly sent to negotiate with Dost Mohamed regarding revenue without the knowledge of the Governor-General.

When consulted by the Governor-General the officer commanding the troops made light of the trouble in Dashtyari, and said he had enough troops in Charbar to deal with it.

23. The Baluchistan Agency Confidential Diary for the fortnight ending the 31st January reports that evidence is accumulating that the corruption and

incompetence of the Persian officials had brought the Sarhad tribes almost to the limit of their patience.

The levy and military pay was nearly six months in arrears.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, April 4, 1925.

[E 2566/8/34]

No. 79.

Chamber of Shipping of the United Kingdom to Foreign Office.—(Received April 30.)

Dear Sir,

28, St. Mary Axe, London, April 29, 1925.

LIGHTS in the Persian Gulf.

With further reference to your letter of the 20th March, I am directed to say that the chamber regard as satisfactory the assurances given as to the status and functions of the committee.

The following nominations have been made:—

Messrs. F. C. Strick and Co. make the temporary nomination of—

Messrs. Mackinnon, Mackenzie and Co., of Bombay

The British India Steam Navigation Company state that—

Messrs. Mackinnon, Mackenzie and Co., of Bombay, will nominate their representative to the authorities in Bombay.

The Anglo-Persian Oil Company (Limited) nominate—

Mr. A. B. Morrison, c/o Messrs. Shaw, Wallace and Co., Bombay.

The Bombay and Persia Steam Navigation Company (Limited) nominate—

Mr. T. E. Cunningham (of Turner, Morrison and Co., Managing Agents, P.O. Box 194, Bombay).

Yours faithfully,

General Manager.

[E 2472/1566/34]

No. 80.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 197.)

Sir,

Foreign Office, May 1, 1925.

I DULY received your despatch No. 177 of the 6th April, reporting the action taken by you in the matter of two recent cases in which British subjects were accused of assault on Persians.

2. I share your view that the acceptance by the Persian Government of the procedure suggested to them by you constitutes an important precedent, and I approve the steps which you took to arrive at so satisfactory a settlement of the points at issue.

I am, &c.

AUSTEN CHAMBERLAIN.

No. 81.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 5.)

(No. 97.)

(Telegraphic.)

Tehran, May 4, 1925.

YOUR telegram No. 74.

I have had a lengthy interview with the Prime Minister regarding the arrest of the Sheikh of Mohammerah. The Prime Minister was frank and friendly and made out a good case for his action.

[13550]

The sheikh has once more prejudiced his case by rejecting my advice (given before I left for Shiraz), as well as the Prime Minister's repeated invitation to come to Tehran (see my despatch No. 167).

His Highness is willing to meet me in smoothing the matter over when the sheikh reaches Tehran. He is now due at Khorremabad. I told him that you were much concerned.

A partial presentation of the circumstances would be misleading, and a complete one by telegram too costly. Are you content to await despatch and leave me to work things out? I am hopeful of arranging them without injury to our interests or prestige and with some personal rehabilitation of the sheikh if only he will behave sensibly.

(Repeated to India.)

[E 2566/8/34]

No. 82.

Memorandum on the Lighting and Buoying of the Persian Gulf.

THE service of lighting and buoying the Persian Gulf has hitherto been carried out by the Royal Indian Marine, and the cost of it, which has varied in recent years from £30,000 to £40,000 according to the amount of capital expenditure undertaken from time to time, has been divided equally between His Majesty's Government and the Government of India. The two Governments have felt for a long time that the owners of the ships which benefit from the lights and buoys should pay a substantial portion, if not the whole, of the cost of the service. In March 1923 an interdepartmental conference, composed of representatives of the Foreign Office, the Treasury, the Board of Trade, the Admiralty, the India Office and the Colonial Office, went into the question and recommended that light dues should be levied at Basra and Abadan. Those ports were chosen as being to all intents and purposes under British control, and yet ports at which practically all vessels of any size plying in the Gulf are sure to call. The conference further recommended that the British shipping companies concerned should be asked to help in framing a scheme which, while relieving the Government, if possible, of the whole of the expenditure on the service, or at least of a considerable portion of it, would not be unfair to the shipping interests. The necessary discussions were entered upon with the shipping interests concerned. The discussions were prolonged, owing to the necessity of consulting the Government of India at every stage and to the desire of the shipowners to obtain from time to time the advice of their representatives in India. At length, however, the following scheme has been agreed upon by all concerned.

2. The Government of Irak, acting on behalf of His Majesty's Government and the Government of India, will levy a light due of 3*d.* per net register ton on all vessels, other than local sailing craft and Government vessels, entering or leaving Basra and Abadan. The due will be levied both on the entry and on the departure of a vessel. A contribution of £5,000 a year will be made from Government funds towards the cost of the service for a period of five years from the initiation of the scheme of dues, and the question of Government contribution will be reviewed at the end of this period. The Royal Indian Marine will continue to carry out the service of lighting and buoying, and the Government of India will continue to be entirely responsible for the administration and the financial control of the service. The shipping interests will, however, be represented on a non-official advisory committee sitting in Bombay, which will be supplied by the Government of India with the fullest possible information about the service and the expenditure upon it, and will have every opportunity of suggesting economies and improvements in administration. The non-official advisory committee will consist of one representative of each of the following bodies:—

The British India Steam Navigation Company.
The Bombay Persia Steam Navigation Company.
The Anglo-Persian Oil Company.
Messrs. F. C. Strick and Co., London.
The Bombay Chamber of Commerce.
The Bombay Underwriters' Association.

No. 83.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 81.)
(Telegraphic.)

Foreign Office, May 7, 1925.

YOUR telegram No. 97 of 4th May: Sheikh of Mohammerah.

From little information in my possession, it is impossible to form definite opinion on rights and wrongs of the arrest, but I should have supposed that less drastic action would have been adequate.

You need not telegraph in detail, as I am content to leave settlement in your hands. I would, however, ask you to bear in mind excellent war services which the sheikh rendered to us and to make full allowance for his intractable attitude, which is probably due to his previously unassailed position in Arabistan.

[E 2566/8/34]

No. 84.

Foreign Office to the Chamber of Shipping of the United Kingdom.

Sir,

Foreign Office, May 8, 1925.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 29th April relative to the lighting and buoying of the Persian Gulf, and to thank you for the information contained therein regarding the nominations which have been made to the advisory committee to be set up under the scheme of light dues which is about to be inaugurated.

2. The Governments of India and of Irak are now being asked to take the steps necessary for the introduction of the scheme on the lines laid down in Foreign Office letter of the 16th January.

I am, &c.

LANCELOT OLIPHANT.

[E 2566/8/34]

No. 85.

Foreign Office to Colonial Office.

Sir,

Foreign Office, May 8, 1925.

WITH reference to my letter of the 27th April relative to the lighting and buoying of the Persian Gulf, I am directed by Mr. Secretary Chamberlain to inform you that the Chamber of Shipping of the United Kingdom have now accepted the proposals put before them in Foreign Office letter of the 16th January, as will be seen from the accompanying copies of correspondence with the Chamber of Shipping on this subject.

2. I am, therefore, to enclose herein a memorandum,* which has been prepared in this Department, showing the form which the scheme for lighting and buoying the Persian Gulf has finally assumed. Mr. Chamberlain hopes that Mr. Secretary Amery will transmit this memorandum to His Majesty's High Commissioner for Irak, and invite him to move the Irak Government to consider what steps, by way either of legislation or of administrative machinery, it will be necessary to take in Irak with a view to bring the new scheme into force on a date to be settled by the Government of India.

3. I am also to transmit to you the accompanying copy of a letter† to the India Office requesting that Department to invite the Government of India to take the steps necessary for putting the scheme into force.

4. Copies of this letter are being sent to the Treasury, India Office, Admiralty and Board of Trade.

I am, &c.

LANCELOT OLIPHANT.

* No. 82.

† No. 86.

[E 2566/8/34]

No. 86.

Foreign Office to India Office.

Sir,

Foreign Office, May 8, 1925.

WITH reference to Foreign Office letter of the 5th February, enclosing a copy of a letter dated the 16th January to the Chamber of Shipping of the United Kingdom, I am directed by Mr. Secretary Chamberlain to transmit to you the accompanying copies of correspondence with the Chamber of Shipping,* from which the Earl of Birkenhead will see that the chamber has now accepted the scheme for lighting and buoying the Persian Gulf which was put before them.

2. Mr. Chamberlain hopes that Lord Birkenhead will communicate this information to the Government of India and invite them to assemble the Advisory Committee in Bombay with a view to decide on a date for the new scheme to be brought into effect, time being allowed for the authorities at Basra to give at least one month's public notice of the proposal to levy light dues.

3. I am also to ask that the Government of India may be invited to arrange direct with the Government of Irak for the initiation of the scheme in due course. A copy of a letter which Mr. Chamberlain has addressed to the Colonial Office, transmitting a memorandum for communication to the Government of Irak setting forth the details of the scheme to be inaugurated, is also enclosed.

4. Copies of this letter are being sent to the Treasury, Admiralty, Colonial Office and Board of Trade.

I am, &c.

LANCELOT OLIPHANT.

No. 87.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 9.)

(No. 101.)

(Telegraphic.) R.

Tehran, May 9, 1925.

MY telegram No. 75 [sic].

French wireless publishes telegram from Geneva that British delegate requested total prohibition of arms traffic in countries bordered by Indian Ocean and Persian Gulf.

No. 88.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 9.)

(No. 102.)

(Telegraphic.)

Tehran, May 9, 1925.

MY immediately preceding telegram.

Minister for Foreign Affairs has drawn urgent attention to this. Local press, under Russian instigation, has seized on and is misinterpreting it. Is there any objection to publication by Persian Government of my note based on your telegram No. 68 or a summary? In any case, please give me any material for publication showing we are helping Persians.

No. 89.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 9.)

(No. 103.)

(Telegraphic.)

Tehran, May 9, 1925.

PERSIAN General Staff state that serious and apparently well-organised attack is being made on Bujnurd by Turkomans, who include contingents from Russian territory. General Staff are seriously apprehensive that operations are being directed by Russians. Parties of Turkomans in boats are also raiding Caspian littoral.

Two battalions leave Tehran immediately for Bujnurd.

(Sent to India.)

* Nos. 79 and 84.

No. 90.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 9.)

(No. 104.)

(Telegraphic.)

Tehran, May 9, 1925.

PERSIAN War Office states that Eastern Division, having no service of mountain artillery and guns in Tehran, are without ammunition. They enquire whether Government of India can supply immediately battery of 10-pdrs. complete, less pack animals, at moderate price, delivery at Duzdap. I consider the present a suitable opportunity for demonstrating practically our desire to help Persian Government, and recommend compliance. We might even waive cost, which presumably is not considerable. In that case Government of India will no doubt share, owing to their direct interest in peace of Khorasan. Matter urgent.

(Sent to India.)

[E 2778/701/34]

No. 91.

Sir P. Loraine to Serdah Sepah.—(Enclosure to Tehran Despatch No. 186 of April 11; received in Foreign Office, May 12.)

M. le Président du Conseil,

Tehran, April 11, 1925.

I HAVE the honour to acknowledge the receipt of the note of the 3rd March (13th Hoot) whereby your Highness has been so good as to inform me that the Imperial Persian Government will assign one of the reliable sources of revenue for the repayment of the various advances made to the Persian Government by His Majesty's Government, as soon as an agreement has been reached and been accepted by the Majlis in regard to the total sum representing that indebtedness and its mode of repayment. This communication was in reply to the note of the 5th February whereby, under instructions from my Government, I requested the Persian Government to be good enough to assign for the purpose stated either the customs revenues or the oil royalties.

His Majesty's Government have received your Highness's assurance with satisfaction; they regard it as a proof of the desire of the Persian Government to meet its liabilities and to reach a definite settlement of this question. They have, therefore, authorised me to explain to your Highness their offer for the final settlement of this question, which was foreshadowed in my note of the 5th February.

The total of the six items, (A) to (F), mentioned in the Legation note of the 16th December, 1921, being the floating advances made to the Persian Government by His Majesty's Government since 1912, including interest at 7 per cent. on the items on which no interest has been paid, calculated up to March 1924, amounts to £4,210,000. To this must be added an item of £339,200, representing the claims—

	£
1. Of the War Office for arms, &c., supplied to the Persian Government	315,000
2. For the military mission	18,400
3. For the naval mission	5,800

Making a grand total of £4,549,200.

I may here observe that this calculation, in cases where the advances were made in Persian currency, is made on a basis of 50 kran to the £ sterling; this rate of conversion is entirely favourable to the Persian Government, for at the moment when His Majesty's Government bought the kran to lend them to the Persian Government the kran stood at a much higher value. As an example of this I may say that in respect of the advances in item (E), i.e., the kran advances during the period August 1918 to October 1920, amounting to 9,250,000 toman, where the Persian Government is debited with a sterling amount of £1,850,000, the kran actually purchased by His Majesty's Government to make these advances cost the British Treasury £3,556,960. Thus, although the grand total amounts, as stated, to £4,549,200, the actual cost to His Majesty's Government of these advances was very nearly £2,000,000 in excess of that sum.

His Majesty's Government have, however, taken into the most attentive and friendly consideration the report which I made to them on arrival in London last March on the discussions which took place in the mixed commission formed under your Highness's presidency before my departure from Tehran to examine, with a view to settlement, this and other questions outstanding between the British and Persian Governments, as also to the representations which I made to them regarding the financial difficulties of the Persian Government.

After mature deliberation they have directed me to inform your Highness that they are willing to accept a sum of £2,000,000 as the total indebtedness of the Persian Government in respect of the above-mentioned war and post-war advances, including the advances, amounting to £490,000, made prior to the outbreak of war. This sum of £2,000,000 to carry interest at 7 per cent., with the addition of sinking fund at 2 per cent., and the whole to be payable in twenty-five years. This will involve payment of an annuity of 9 per cent. on £2,000,000—namely, £180,000—in lieu of the sum of £34,000, which is at present paid as interest on the £490,000.

Furthermore, in order to enable the Persian Government, with the assistance of the American Financial Mission, to set their national finances on a firmer basis before beginning to pay the above-mentioned annuity, His Majesty's Government are willing that the payment of the first annual instalment of £180,000 shall be deferred to the financial year 1926-27, provided that the interest (£34,000) on the item of £490,000 continues to be paid in the meantime as heretofore.

Neither your Highness nor the Persian Government can, I feel sure, fail to appreciate the great generosity shown by His Majesty's Government in making this very substantial reduction in their claim, amounting in point of fact to 56 per cent. of their claim; and you will certainly see in the proposal now laid before you the most convincing proof of the abiding friendship of the British Government for Persia and of their sincere desire to see the national finances of Persia re-established on a sound and stable footing. In taking the decision to make this reduction of their claims, His Majesty's Government have wished to avoid laying on Persia's shoulders a burden, however legitimate the obligation, greater than she is reasonably able to bear, and they are persuaded that by offering these easy terms of settlement they are contributing, to a notable degree and in a manner compatible with the ancient ties of friendship uniting the two countries, towards the financial and economic revival of Persia, which they most sincerely desire; for they themselves have always realised, as the Persian Government doubtless also do, that adequate provision of interest and sinking fund of public debt is, by all the principles of public finance, a primary liability of a national exchequer and is the foundation of public credit.

In order to make the figures alluded to above quite clear to your Highness, I beg leave to enclose herein—

- (a.) A table showing the figures of the various items, with interest calculated to March 1924.
(b.) A table showing in a concise manner the extent of the reduction, both as regards capital and annuity, now offered to the Persian Government.

I avail, &c.
PERCY LORRAINE.

Enclosure in No. 91.

TABLE (A).—LIST of Floating Advances, in round figures, from His Majesty's Government to the Persian Government, awaiting Payment.

	Principal.		Interest at 7 per cent. to March 1922.	
	Local Currency.	Sterling.	Local Currency.	Sterling.
Advances in sterling—	Tomans (5 = £).	£	Tomans (5 = £).	£
(A.) Advances 1912-14	..	490,000	..	..
(B.) Advances 1915-17	..	409,000	..	163,500
(C.) First instalment of loan of £2,000,000 of August 1919	..	131,000	..	23,500
Advances in local currency—				
(D.) Advances on account of Fars	393,000	80,000	84,000	17,000
(E.) Monthly advances, August 1918 to October 1920	9,250,000	1,850,000	1,580,000	316,000
(F.) Cossack advances, August 1919 to May 1920	1,000,000	200,000	150,000	30,000
Principal	..	3,160,000	..	550,000
Interest to March 1922	..	550,000	..	..
Add interest to March 1924 (say)	..	500,000	..	..
Total	..	4,210,000	..	..
There are three other subsidiary claims of His Majesty's Government, amounting approximately to £339,200, with which it would be convenient to deal at the same time as the above-mentioned claims, although they do not fall into the same category.				
(G.) War Office claim for arms supplied after the war	..	315,000	..	..
(H.) Military mission	..	18,400	..	..
(L.) Naval mission	..	5,800	..	..
Grand total (including interest)	..	4,549,200	..	..

PRINCIPAL only.

	£
(A.) Full recognised	490,000
(B)-(F.) Floating advances	2,670,000
Other claims	339,200
Total	3,499,200

TABLE (B).

	Full Claim.	Settlement Offer.	Reduction in favour of Persia.
	£	£	£
Capital sum	4,549,200	2,000,000	2,549,200
Annuity, 7 per cent. interest and 2 per cent. sinking fund	409,428	180,000	229,428 a year
Excluding the 1912 advance of £490,000 fully recognised by Persian Government—			
Capital sum	4,059,200	1,510,000	2,549,200
Annuity, 7 per cent. interest plus 2 per cent. sinking fund	365,328	135,900	229,428 a year

[E 2782/972/34]

No. 92.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 12.)

(No. 200.)

Sir,

Tehran, April 22, 1925.

I HAVE the honour to inform you that His Majesty's vice-consul at this Legation has been unofficially approached by the French consulate on the following matter:—

A Swiss subject, by name Brack, now in Paris, has signified his intention to take criminal proceedings against an Austrian subject by name Serbouzeck, at present in Resht, for "abus de confiance" (abduction of his, the complainant's, wife).

The French consulate presumes that His Britannic Majesty's consular court in Tehran is the proper tribunal to try such charges in view of the fact that this Legation is protecting Austrian subjects in this country.

As the Austrian Government does not now enjoy capitulatory rights in Persia, it is a question whether judicial cases, whether criminal or civil, should not more properly be within the purview of the tribunal of the Persian Ministry for Foreign Affairs when an Austrian subject is concerned with a citizen of a State which does enjoy such rights—as, for example, Switzerland.

Moreover, in the case herein referred to, would a judgment issued by a British consular court according to British law in a criminal case be considered legal in Austria, as it is presumed that execution of such judgment, if imprisonment or payment of damages were concerned, would depend on the Austrian Government?

If it were necessary to send the prisoner to Austria for the carrying out of the sentence, would the expenses thereof be met by that Government?

In the meantime Mr. Vice-Consul Brennan has informed his French colleague that, pending instructions from yourself, he is not able to accept such a suit in the vice-consular court.

I should be glad, therefore, of instructions in this matter, and at the same time beg leave to point out that the multifarious duties of a British consular officer in this country are considerably increased and rendered more difficult by the enforced interference in litigation between foreigners.

I have, &c.
(For the Minister),
E. MONSON.

[E 2783/82/34]

No. 93.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 12.)

(No. 202. Secret.)

Sir,

Tehran, April 23, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 13 for the period ending the 18th instant, compiled by the military attaché to this Legation.

I have, &c.
(For the Minister),
E. MONSON

Enclosure in No. 93.

Intelligence Summary No. 13 for the Period ending April 18, 1925.

(Secret.)

Khorasan.

1. The British military attaché at Meshed reports a considerable improvement in the discipline of the Eastern Division since the arrival of the new divisional commander.

2. A detachment of 100 men from the Eastern Division has arrived in Tehran to take over guns for the division.

3. The British military attaché at Meshed reports on the 14th February that a detachment of 600 cavalry and infantry has been posted at Jajarm to intercept Turkoman raiders.

4. The British military attaché reports that a landing ground is being prepared at Maiamai, between Shahrud and Sabzawar, and that prepared grounds are in existence at Meshed and Bujnurd.

5. Khalisi, the mujtahid who was exiled from Irak in July 1923, has died at Meshed.

Turkoman Situation.

6. There is little doubt that plans for operations against the Turkomans are now being considered by the General Staff. On the 7th the Prime Minister stated that he considered that sooner or later such operations would be necessary, and that they would be by no means difficult. A few days later the Chief of the General Staff said that plans were being discussed, but that at present troops were not available. He did not share the optimism of his chief as to the simplicity of the task.

It appears that the policy of the Persian Government towards the Turkomans depends to a large extent on the situation in South-West Persia—Kuhzestan and Laristan (see paragraph below).

It is reported that meanwhile the General Officer Commanding the Central Division has been instructed to report what troops he can spare in the event of its becoming necessary to strengthen defensive measures.

Gilan.

7. On or about the 8th April there was a *fracas* in Resht between the military and the populace. Details have not yet been received, but it appears to have originated in an attempt by the military to arrest a certain priest who had preached a highly provocative anti-military sermon, aimed principally against the General Officer Commanding the Northern Brigade, who has incurred the wrath of the mullahs by his tacit encouragement of a "Freedom for Women" movement and by the disregard for religious susceptibilities with which he has driven an avenue through a graveyard. It is said, of course, that the Bolsheviks engineered the riot, and it may be assumed that they would be readily sympathetic to any movement against the general officer commanding, whose firmness has not been at all to their liking. There has been, apparently, some popular clamour in Resht, which has had echoes in ecclesiastical circles in Tehran, and the general has been ordered to go slow, as it is not desired at present to antagonise the priests. For all that, the offender in Resht has been exiled.

8. The merchants of Resht have complained to Tehran of the action of the Soviet authorities in refusing to facilitate the export to Russia of a large quantity of hides collected in Resht.

Comment.—This is a favourable Russian method of reducing the price. In the damp climate of Gilan hides soon deteriorate, and merchants are forced either to sell at a low price to Soviet buying agencies or suffer total loss.

Kazvin.

9. The Russian consul in Kazvin has recently been distributing pamphlets illustrating the freedom enjoyed by Moslem women in the Caucasus under a Soviet régime. This has brought down on his head the wrath of the priests, but has apparently gained for him some sympathy from the many anti-clerical parties.

Tehran.

10. The death of the ex-Shah was correctly and ceremoniously mourned in Persia and provided the occasion for a public display of sympathy for the Valiahd by the Prime Minister.

11. Little progress has been made with the Conscription Bill during the last fortnight.

12. A report from a confidential source says that the American Financial Adviser has been urging on the Prime Minister the necessity for reducing military expenditure by 1 million tomans per annum and that the Prime Minister has not been altogether unsympathetic. Some time ago the Chief of the General Staff stated that the Prime Minister was considering possible economies in his military expenditure with a view to making money available for economic development.

13. Two sermons have recently been preached by prominent priests against the

[13550]

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faith of Mahomet was fast disappearing in Persia, and that a stand must be made destructive influence of Western education on Islamic ideals. It was said that the now if it was to be saved. The American school in Tehran was particularly singled out for attack.

14. A writer in the paper "Shafagh-i-Surkh" takes exception to an article by Sir Arnold Wilson which appeared in some British paper. Sir Arnold, he says, like other prominent Britishers before him, appears to regard the Persian Gulf as British waters. It is this attitude more than anything else which has made Persians suspicious of British intentions and slow to accept British advances. The Persian nation cannot recognise the political or other special interests of any foreign Government in the Gulf, which is free to all.

15. The paper "Shafagh-i-Surkh" of the 12th April publishes an attack on the Soulet-ed-Dowleh, whom it accuses of having committed many crimes and shed the blood of many innocent persons for the sake of his own avariciousness. It calls on the Prime Minister to break the power of these tribal chiefs, and adds, with truth, that in the case of the Soulet-ed-Dowleh there will be no difficulty as the subordinate khans will readily co-operate with Government in getting rid of him.

It appears likely that this article was inspired by the Prime Minister, whom Soulet-ed-Dowleh has, very foolishly, offended. It is an amusing sequence to his swashbuckling attempts, while a Deputy of the Majlis, to pose as a national hero by virtue of his exploits against General Sykes.

16. It is reported from a secret source that the Persian Minister in Rome has informed the Persian Government that some Italian capitalists are anxious to secure concessions for the construction of railways in North Persia. He has been told to ask them to submit their proposals in detail.

17. The press announces that Soper, who was previously in Tehran as representative of the Sinclair Company, is shortly returning to proceed with the negotiations for the Northern Oil Concession (see paragraph 10 of Summary No. 4).

18. A report, from a source of which the reliability is untested, says that about 10,000 German rifles and carbines arrived in Tehran in November or December last from Bushire. Considerable quantities of stores for the War Office from Germany were landed in Bushire in October (see paragraph 23 of Summary No. 46, 1924). According to the informant, the rifles are still in packing cases in the arsenal.

19. It is reported that the Junkers representative has put up a modified scheme to the Persian Government. It does not, however, seem to be anticipated that it will be accepted.

20. It is reported, but requires confirmation, that the Junkers military aeroplane, reported in paragraph 16 of Summary No. 50/1924 to have been brought to Tehran by Jarolimek, has been purchased by the Persian Government. It is a two-seater, all-metal machine with automatic-rifle mounting, but no bomb-rack.

21. Amir Lashkar Ahmad Agha, formerly General Officer Commanding the Western Division, has become Chief of the Amnieh (Roadguard) Forces *vice* Serdar Rafat, who has been appointed to the High Military Council.

22. Thirty officers of those who have been in France undergoing military training (see paragraph 7 of Summary No. 22 of 1923) returned to Tehran during March and April.

23. It is reported that the strength of the secret police in Tehran is to be increased from 450 to 650. The secret police are employed principally on political work, but departments exist for the detection of both serious and petty crime.

24. Motamin-ul-Mulk has been re-elected President of the Majlis at the half-yearly elections.

25. Yavars Abdullah Khan, chief of police at Kazvin, and Ghulam Hussein Khan, of the Tehran secret police, are under orders to attend a police conference in Paris.

26. The three following paragraphs which have appeared in the Persian press appear to be echoes of long-standing controversies between the Persian and Soviet Governments:—

"According to official information received, Persian emigrants residing in Russian territory will now be allowed to return to their native land. This has been a most difficult question, which has long engaged the Persian Foreign Office in negotiations with the Soviet officials."

"For more than two years the compulsory distribution of loan tickets by the Soviet Government to Persian subjects has been a cause of great hardship to the latter. This matter is now approaching a satisfactory settlement."

"Favourable results have been derived from the negotiations of the Persian Foreign Office with Soviet officials regarding the hardship caused to Persian subjects by the action of the authorities of the Turkestan Republic in confiscating their houses for Government Departments."

27. M. Shumyatski left Tehran on the 15th April. M. Lidin, Soviet consul-general in Tehran, is Chargé d'Affaires until the arrival of M. Yuraniev.

28. It is reported from several sources that there will be considerable changes in the personnel of the Soviet Legation after the arrival of M. Yuraniev.

29. It is reported that the commission which has been investigating Soviet concerns in Persia (see paragraph 14 of Summary No. 12) has decided to reduce staffs by nearly 30 per cent. and the pay of the remainder by 15 to 20 per cent.

30. It is reported that the Russian school in Tehran is being closed down owing to lack of funds.

31. Minski arrived in Tehran from Meshed on the 30th March after his relief by Apresov, and has left for Moscow.

32. Information from a secret and fairly reliable source says that Borisovski, of the Soviet Legation, who is partly responsible for the direction of secret service work, is making special efforts to ascertain the extent of the communication between the Turkish Legation in Tehran and the members of the Caucasian Musawwat party living in Persia.

33. It is announced in the Persian press by the Soviet Commercial Agency that the fourth annual Baku fair will be held on the 25th April. Persian merchants are notified that there will be no restriction on the amount of merchandise they may wish to carry to or from the fair.

34. It is reported that the Soviet Legation has imported a printing-press for use in the Legation. It is surmised that this may be to some extent due to the restrictions which are reported to have been put on the subject-matter appearing in "Rosta" as long as this news-sheet was printed by a Persian firm.

35. It is reported that two Maxim guns and fifty belts of ammunition were recently smuggled into the Soviet Legation.

36. The German concession-hunter, Kurt Schubert (see paragraph 3 of Summary No. 8), appears to have been a complete fraud. Instructions from Berlin were received early in April by the German Legation for his arrest, but he decamped before this could be effected. He was, however, arrested by the Persian authorities some days later in a village near Tehran. He owes considerable sums of money to Persian merchants.

37. The American, Mitchell, has resigned his appointment as adviser to the Ministry of Public Works and has been transferred to the Finance Department. His contract with the Persian Government expires in June, and it is understood he does not intend to renew it. He is now financial agent in Kazvin, but it is reported that he is being transferred to Tabriz.

38. Miftah-es-Sultaneh, lately Persian Minister in London, has arrived in Tehran.

Luristan.

39. Discussing the situation in Luristan on the 7th April, the Prime Minister said it was better than he had expected; many of the tribal chiefs were showing a disposition to come to terms, and he had real hopes that further serious fighting would be avoided. The Dizful-Khorremabad road, he said, was now being used by caravans and travellers.

The Chief of the General Staff appreciated the situation in much the same way, but with less optimism.

Kuhzestan.

40. The Shiraz newspaper "Gulistan," in an issue of early in March, stated that the Amnieh (Roadguard) authorities of the south had been instructed to establish roadguards in Kuhzestan.

Fars.

41. Hajji Naser-es-Sultaneh, son of Hajji Mohtasham, who had been appointed Governor-General of Kerman, has now been appointed to Fars, and Vossuk-es-Sultaneh, the present Governor of Fars, to Kerman.

42. There has been some minor trouble in the Arab and Baharlu tribes of the Kawam-ul-Mulk. Details have not yet been received, but it does not appear to be serious or to introduce any new factors into the domestic politics of the Khamseh tribes.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, April 18, 1925.

No. 94.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 12.)

(No. 107.)
(Telegraphic.)

Tehran, May 11, 1925.

PERSIAN Government are much perturbed by situation in northern provinces, which they believe is due to Russian instigation.

Persian Turkomans (see my telegram No. 103) are said to have been joined by others from Russian territory and to have surrounded Persian troops at Bujnurd on three sides. Strong raid is threatened on Meshed road, and attack on Meshed may follow. Turkomans are reported to be showing red flag.

Soviet Government have merely notified to Persian Government impending manœuvre, near Persian shore, of Caspian fleet, for which they have demanded hospitality in Persian ports.

Frontier question in Azerbaijan, some disturbances in Resht, Russian action in cutting off water supply from Lutfabad and aggressive attitude of Socialist and some other elements in Majlis lend colour to supposition that there is some concerted action in Russian plan of intimidation.

Persian Government have sent some form of appeal to League of Nations.
Comments in my immediately following telegram.
(Sent to India. Copy by bag to Bagdad.)

No. 95.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 85.)
(Telegraphic.) R.

Foreign Office, May 12, 1925.

YOUR telegram No. 102 of 9th May.

You may authorise Persian Government to publish summary of your note based on my telegram No. 68. Exact terms of statement to be published are left to your discretion, but there should of course be no overt allusion to Russia.

(Repeated to Geneva, No. 77.)

No. 96.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 13.)

(No. 108. Confidential.)
(Telegraphic.)

Tehran, May 12, 1925.

MY immediately preceding telegram.

I have reported in some detail because situation, if not yet dangerous, is ominous.

I suggest following explanation: Russians are determined to paralyse the revulsion of feeling here in favour of clear and good relations with England, especially since offer of His Majesty's Government for debt settlement, which is now generally known and has created a very favourable impression. Nothing excites Russian apprehensions more than prospects of an Anglo-Persian rapprochement, and my impression is that Russians are repeating tactics which in 1921 largely contributed towards terrifying Persians into denunciation of agreement of 1919, namely, tactics of intimidation until Persians are cowed into an arrangement of which essence is detachment from England and preferential treatment for Russia. I cannot yet vouch for this interpretation, but consider it probable enough to merit your serious consideration in view of possible developments. I feel convinced that Russians will strain every nerve to defeat debt settlement.

(Sent to India.)

No. 97.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 13.)

(No. 110.)
(Telegraphic.)

Tehran, May 12, 1925.

I HAVE settled a disagreement which occurred yesterday, but in order to do so had to use very strong pressure and risk rupture with Prime Minister. Sheikh of Mohammerah reached Tehran morning of 10th May. Yesterday morning I sent him letter of welcome. My uniformed messenger was refused permission to deliver the letter by military guards. On receipt of messenger's report I instructed Oriental secretary to visit the sheikh on my behalf in the afternoon and deliver the letter. He likewise was refused admittance. Thereupon I sent him to the Prime Minister to complain of this rank discourtesy and to demand complete freedom of intercourse between Legation and sheikh. Prime Minister took up the attitude that his permission was necessary for any visits or communications between myself and sheikh. Furthermore, he showed a tendency to misinterpret assurances he had given to me. In the circumstances Oriental secretary registered definite protest, very properly broke off the interview and returned to report to me.

Shortly afterwards, new Under-Secretary of State for Foreign Affairs (late Persian Minister in London) called here, obviously with instructions to pacify me and explain the matter away. I was unable to accept his explanations and made clear that a direct affront had been put upon me and on His Majesty's Government, and that nothing would satisfy me short of an apology and a categorical assurance that my intercourse with sheikh was absolutely free, in writing and signed by Prime Minister. After a good many comings and goings I received this afternoon desired letter in precise terms of a draft which I had previously approved, and I declared incident closed.

I am sorry this test of strength has been necessary, but I could not pass over affront without serious loss of dignity, nor can I submit to any control of my intercourse or that of my representatives with the sheikh or anyone else. Prime Minister was wise to climb down and may realise more vividly than before the need for taking our point of view into account in matters concerning the sheikh. Minister for Foreign Affairs and Under-Secretary of State for Foreign Affairs exerted themselves to the utmost to get matters settled to my satisfaction.

(Sent to India.)

No. 98.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 13.)

(No. 111.)
(Telegraphic.) R.

Tehran, May 12, 1925.

MY immediately preceding telegram.

I visited sheikh this afternoon and found him in surprisingly good spirits. He told me that during his journey he had been treated with the greatest consideration and respect, that Reza Khan had given him most warm and affectionate welcome and had renewed his promise to see himself to settlement of all sheikh's affairs. He told sheikh that for a brief period political considerations obliged him to maintain appearance that he had been brought to Tehran as an act of authority, but that very shortly this would be relaxed. A similar assurance reached me also to-day in a roundabout manner. Sheikh tells me that he is willing to do everything that Prime Minister may desire, except abandon his friendship with His Majesty's Government, and that he himself feels convinced of Reza Khan's sincerity.

If things remain on these lines we ought to get a fairly rapid settlement, and I dare say yesterday's squall will prove to have cleared rather than clouded the atmosphere.

(Sent to India; Bushire, No. 35; and Ahwaz, No. 20.)

No. 99.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 15.)

(No. 114.)

(Telegraphic.) R.

Tehran, May 14, 1925.

MY despatch No. 161.

High Commissioner, Bagdad, informs me that Salar-ed-Dowleh passed through Kazimain (Bagdad) and proceeded to vicinity of frontier of Persian Kurdistan, with the alleged intention of raising, with the help of Sheikh Mahmud, a force to attack Persian Government.

Salar-ed-Dowleh has since sent a telegram to Persian Government from Khanikin asking for permission to return to Persia, which Persian Government have refused.

He may now try to carry out some such plan as expressed above and create for both Persia and Irak [groups omitted].

Could not the Prince be brought to Bagdad and thence sent somewhere where he could do no harm?

(Sent to Bagdad, No. 39.)

No. 100.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 86.)

(Telegraphic.) R.

Foreign Office, May 15, 1925.

YOUR telegram No. 110 of 12th May: Persian Prime Minister's action regarding Sheikh of Mohammerah.

I approve your action and congratulate you on its success.

No. 101.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 17.)

(No. 118.)

(Telegraphic.)

Tehran, May 16, 1925.

MY telegram No. 108.

Prime Minister explained to me this morning his anxiety regarding Khorasan situation. He agreed with me in thinking that there is a concerted Russian plan but that Persian Government should treat Turkoman rebellion as a domestic affair. He will act resolutely with all resources at his disposal, but thinks that if Russians arm and directly assist rebels these may not be sufficient. If his worst apprehensions are realised he wishes to let you know now that he may be driven to ask for our assistance on the ground of our mutual interest in preventing any Russian movement southward in East Persia.

I told him sympathy of His Majesty's Government would be certainly with Persian Government in preserving their authority in Khorasan, but they would strongly dislike being involved in the matter, and that if they were result would be bad for Persia as well as England. He entirely agreed, but nevertheless asked me to transmit his message, making it clear that eventuality to which he referred was an extreme one and would only arise in the event of overt Russian hostility.

(Sent to India. Copy by bag to Bagdad.)

No. 102.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 17.)

(No. 119.)

(Telegraphic.)

Tehran, May 16, 1925.

MESHED reports: "Turkoman rebel leader demanded local independence and withdrawal of Government troops, claiming right to the same treatment from Persian Government as Russian Turkomans received from Soviet Government."

No. 103.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 16.)

(No. 120.)

(Telegraphic.) R.

Tehran, May 16, 1925.

MY telegram No. 110.

Temporary breach quite healed. Prime Minister has since dined with me at his own suggestion and was very cordial and forthcoming. He renewed promise to put sheikh's affair straight, and undertook if sheikh behaved wisely to rehabilitate his prestige in a public manner.

No. 104.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 19.)

(No. 123.)

(Telegraphic.)

Tehran, May 19, 1925.

MY telegram No. 119.

My own impression is that if Persian Government act resolutely and show determination to subdue Turkoman insurrection, eventualities contemplated by Prime Minister will not arise. At any rate, such action will compel Russians to show their hands, whereas inaction or parleying would merely encourage them to increase agitation.

No. 105.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 91.)

(Telegraphic.)

Foreign Office, May 20, 1925.

YOUR telegram No. 118 of 16th May: Russian activity in Khorasan.

Persian Prime Minister's fear of concerted Russian plan tallies with our information that Soviet policy aims at creation on frontiers of Persia and Afghanistan of new so-called racial republics, one of their objects being to entice within the Soviet sphere kindred populations across frontiers by offering the bait of autonomy or limited independence.

Your language to his Excellency is approved.

(Confidential.)

You will, I feel sure, studiously avoid in any conversation risk of appearing to let Prime Minister believe that Russian attack on Persian territory would automatically find His Majesty's Government ranged on side of Persian Government in an active sense. In present world conditions, careful stock has to be taken of our responsibilities and available resources.

No. 106.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 95.)

(Telegraphic.)

Foreign Office, May 22, 1925.

YOUR telegram No. 104 of 9th May: Battery for Persian Government.

His Majesty's Government approve supply of battery to Persian Government, but are not prepared in present circumstances to make free gift of it.

If Persian Government are prepared to purchase at price quoted, you are authorised to make, in direct correspondence with Government of India, detailed arrangements for supply of battery and ammunition, mentioned in Viceroy's telegram No. 555 of 17th May. In England no such guns or equipment are available, but War Office have 2,000 rounds of 10-pounder ammunition which they would supply to Persian Government at 12s. per round.

[E 3035/89/34]

No. 107.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 25.)

(No. 215.)

Sir,

Tehran, April 30, 1925.

I HAVE the honour to transmit herewith copy of a despatch from the military attaché on the subject of the Turkoman situation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 107.

*Major Fraser to Sir P. Loraine.**Tehran, April 27, 1925.*

Sir,

I HAVE the honour to inform you that at an interview I had with the Persian Chief of the General Staff this morning he informed me that the Persian Government was now taking a serious view of Soviet policy towards the Turkomans, and particularly of the possible danger to Persia of the new Turkoman Republic.

The Prime Minister was anxious to commence operations for the subjugation of the Turkomans as soon as he could make the troops available, as he felt he must soon take steps to put an end to their raiding. Troops would not be available for any serious offensive operations until they could be brought up from Arabistan.

The Chief of the General Staff considered that in the present state of affairs punitive operations against the Turkomans might assist Soviet propaganda towards the object which he believed lay behind the creation of the Turkoman Republic—the seduction of the Persian Turkomans from the Persian Government. He feared that the Turkomans would certainly be assisted, at least indirectly, from Russian sources and subjected to intense propaganda regarding the oppression of the Persian Government, and, therefore, he viewed operations against them with considerable misgiving.

While the question of operations was being considered the Persian Government had decided to undertake counter-propaganda among the Turkomans. This would be directed towards showing the actual state of affairs in Russia and the condition of Moslems in the Soviet Union.

I may add that the Chief of the General Staff has always taken a pessimistic view of the difficulties of operations against the Turkomans. The Prime Minister, on the other hand, said quite recently that he regarded their subjugation as a comparatively easy problem, provided he could collect enough troops, which depended on his being able to withdraw the greater part of those now in South-West Persia. A senior member of the High Military Council, who are now considering plans for the Turkoman operations, informed me a few days ago that he considered that they could be conducted in a way that would prevent Russian assistance from reaching them. I do not myself see how this is to be satisfactorily achieved, but it seems that the Turkoman problem is one that must be tackled sooner or later, and that the difficulties foreseen by the Chief of the General Staff are likely to grow greater rather than less.

At one time it appeared as if the Persian Government intended to attempt to solve the problem by a reversion to an old policy—that of leaving the Turkomans a fair measure of internal independence, and controlling them through subsidised chiefs. It was, I think, argued by the supporters of this policy that it would tend more than any other to retain the Turkomans as contented Persian subjects, make them less susceptible to Russian separatist intrigues, and even transform them into the bulwark against Russian aggression that it was in past days hoped they would be. But it now seems that the Prime Minister is inclining to the opinion, if he has not already made up his mind, that the only satisfactory solution lies in subjugation, disarmament and the administration of their country.

I have, &c.

W. A. K. FRASER *Major, I.A.,*
Military Attaché.

[E 3037/2199/34]

No. 108.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 25.)

(No. 218.)

Sir,

Tehran, May 5, 1925.

I HAVE the honour to forward herewith copy of a despatch of the 27th April from the military attaché to this Legation which gives some details of an incident which has recently disturbed Russo-Persian relations.

A reference to the enclosures to my despatches Nos. 437 of the 29th September and 445 of the 6th October, 1923, will show that a similar incident occurred in the same locality in September 1923.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 108.

*Major Fraser to Sir P. Loraine.**Tehran, April 27, 1925.*

Sir,

I HAVE the honour to inform you that at an interview I had with the Persian chief of the General Staff this morning he gave me some details of the incident on the Russo-Persian frontier recently referred to in the Persian press.

It appears that on the Moghan Steppe the frontier is not marked. It is fixed by the determination of two points, one on the Aras River and the other in the vicinity of Belyasvar. The chief of the General Staff admits that the exact determination of these points is a matter of some doubt. In any case, some time ago two posts, Bahramteppeh (which is close to the junction of the frontier with the Aras) and Alpaut Teppah (further south-east), had been occupied by Persian guards. Recently Soviet troops had ousted these guards and occupied the posts. The Persian General Staff had information that Soviet troops had also been concentrated on the frontier to a strength which they estimated at about 1,500. Persian troops were moving up from Tabriz (His Majesty's consul at Tabriz estimates that 400 had left on the 23rd April) and a commission had been despatched to investigate matters on the spot.

The Soviet authorities maintain that the posts are within Russian territory. The chief of the General Staff admitted confidentially to me that he thought they might be. He did not appear to anticipate serious developments.

I have, &c.

W. A. K. FRASER, *Military Attaché.*

[E 3042/18/34]

No. 109.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 25.)

(No. 231.)

Sir,

Tehran, May 5, 1925.

IN my despatch No. 136 of the 21st March last I transmitted to you a copy of my telegram No. 9 to Colonel Haworth of the same date.

I have since received the report from Colonel Haworth requested in that telegram in regard to politics at Meshed, and have the honour to transmit to you a copy of it herewith.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 109.

Consul-General Haworth to Sir P. Loraine.

Sir,

Meshed, March 27, 1925.

IN accordance with the terms of your telegram No. 15 dated the 20th March, 1925, I forward herewith a report in despatch form of my conversation with the Mutawalli Bashi of the Meshed Shrine and some remarks on it from a Khorasan point of view.

As I have explained in my despatch No. 6 dated the 17th January last, the Mutawalli Bashi, though connected with the priestly party, is a man of education and intelligence and a former member of the Majlis. He has had his son educated on modern lines, and is generally a man of modern ideas though of the old school. He is in the closest touch with Mudarris and with the Royalist party, and is probably *en rapport* with all Royalist movements here.

In the course of conversation on the present situation in Persia he informed me that the Royalist party were fully aware of the hopeless character of the Shah, and that in fact the present situation would not have arisen had he been a character on whom they could depend. He added, however, that they had considerable confidence in the Valiahd who had shown himself to possess courage and not to be of the same miserly character as the Shah, whose desire to amass money and whose objection to part with it to his followers was a further hindrance to the part he had to play.

On my enquiring whether he thought the Shah would return to Persia now, he told me that unless the Shah could get the guarantee of a foreign Power for his safety it would be fatal for the Royalist party for him to do so, since the Serdar Sepah would force him to abdicate or take refuge in a foreign Legation, after which it would be an easy matter to get rid of the Valiahd.

He then added that the republican movement had at no time been more than a method for constitutionally getting rid of the Kajar dynasty, in order that Reza Khan might assume the crown. He said that Reza Khan had been advised that he must get this done constitutionally, hence the institution of the republican movement which had done so much to make Reza Khan unpopular.

With regard to Reza Khan's desire to assume sovereignty, he said he considered there could be no argument on the subject, that he himself and others also had had it from the Serdar Sepah himself that he desired to nominate a puppet Shah and then follow in the steps of Nadir Shah and Karim Khan of Shiraz.

I may say that the Governor-General once told me also that there was no possible question that Reza Khan desired to become Shah.

The Mutawalli Bashi then asked me whether I thought that you would agree to guarantee the Shah's safety if he returned to Persia. The reply I gave was almost exactly that which you have since ordered in your circular telegram No. 7. I said that these matters were a domestic concern of the Persian people in which we had a sympathetic interest in the interests of stability and trade, and that I was quite certain we should not take sides in it. I added that in my private opinion, since Cabinet after Cabinet had fallen and would continue to fall one after the other, a form of Government which enabled the Serdar Sepah to continue in it, would be to the interest of Persia and of trade. To this he replied that any sane Persian recognised this fact, but the difficulty was that once a man had reached a position of power above the ordinary it was impossible for him to accept less, and that the people of Persia—this, of course, was his opinion—did not desire Reza Khan either as dictator or sovereign.

He stated that as long as Reza Khan had his power and the army at his back no one would or could stand against him, but he added that even the army were not whole-heartedly for him. I asked him how many of the Majlis were for Reza Khan. He replied very few if they dared show it openly.

The above statements may be divided into two parts—

1. Those representing the policy of the Royalist party.
2. Those representing the policy of the Mutawalli Bashi.

The first I consider to be accurate owing to the position of the Mutawalli Bashi and his inside knowledge; the second must naturally be weighed in the balance, but may be taken as fairly accurate as far as Meshed is concerned.

It becomes then of some interest to consider how it is that the Serdar Sepah, whose name a year ago was one to conjure with in the smallest village of Khorasan, has to-day lost his power in the country. I think it may be said to a certain extent to be inevitable.

Where Government is personal everyone is dependent upon the man in power for his advancement. But it is impossible to advance everyone, posts are few and applicants many. Thus the disgruntled join the aristocrats who find that Reza Khan interferes with their posts and pickings which in the main now go to the army.

The Prime Minister cannot supervise his commanders nor can he depend entirely upon the complaints that are made against them. But 90 per cent. of the officers of the army in the outside districts of Khorasan and, indeed, many of the men also,

are living upon the people and fleecing them and making the army unpopular, a state of affairs which reacts upon the War Minister. Further, neither the soldiers nor their families like their being taken from their homes by forced recruitment, and the army again becomes unpopular in the villages.

With regard to the merchants, trade is bad, and this is, so they consider, partly due to the condition of uncertainty in the country.

There is a certain similarity between the position of Reza Khan and that of Napoleon before the latter was established, in that the latter was being plotted against both by Royalists and Jacobins and his life was threatened, but in Napoleon's case the merchants were for him, since he stabilised and extended trade, whereas in Reza Khan's case the merchants appear to consider him responsible for the bad condition of commerce, though this does not refer in its entirety to Meshed, where the few really big traders are pro-Reza Khan.

Lastly, the Serdar Sepah is interfering with the priests' ill-gotten gains. He has realised that the enormous revenues of the shrine if not wasted could fully maintain their purpose and still pay a large surplus for the upkeep of an army. It may indeed be said that if the system of speculation did not let the shrine properties all over Persia go to rack and ruin the revenues would enable the priests to live on the fat of the land and still have the surplus required. But the priests want no interference, and while they are content to steal the money devoted to religious purposes, called the man a Kafir who dared to bring a table and a chair into the shrine-room where he was investigating the accounts.

The Religious party are thus stirring up religious hatred and renewing the anti-Babi feeling, in order that they may label Reza Khan with the name Bahai.

There is no question that Reza Khan has made several mistakes in his policy.

The first mistake he made was in the Republican idea which was repugnant to the feeling of the people who, at the time, would readily have accepted him as Shah. The second mistake he has made is in forgetting that modern advance can only be brought into Persia with the improvement of the education of the people. As long as the country is backward priests must be allowed to be the same and to have the morality of their age. In other words, they must be allowed to embezzle till public opinion is educated to object to it and to be on the side of the reformer.

The result is a Royalist movement has arisen in support of the Shah whom no one wants but who will not interfere with vested interests.

It is an accepted fact that Persia can only be ruled by force; it is equally true that Persia cannot be ruled by force.

I have seen a Persian Governor-General of Royal family leave his governorship by night chased by the people, a governorship in which his arrival had been only a short time before received by the same people in fear and trembling, simply because he had refused to realise the truth of the above paradox.

If I may venture to say so Reza Khan's future depends upon his acceptance of this paradox, and still more so upon the realisation of it by his instruments in the country.

I am, &c.

L. HAWORTH,

Lieutenant-Colonel.

[E 3043/323/34]

No. 110.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 25.)

(No. 233.)

Sir,

Tehran, May 7, 1925.

I HAVE the honour to forward herewith copy of a despatch of the 28th February and enclosures from His Majesty's consul at Kerman, which lucidly explain the complicated situation now reigning in Persian Baluchistan.

On receipt of this despatch and of a further telegram dated the 31st March from His Majesty's consul-general at Bushire regarding disturbances in the Dashtyari-Chahbar area, the military attaché asked the Persian Chief of the General Staff for information regarding the situation, but the latter professed to have no information whatever, although the attention of the Governor-General of Kerman had been called to it by the Ministry of the Interior in February, as will be seen by the enclosure to Mr. Law's despatch. On a subsequent occasion, however, the Chief of the Staff informed the military attaché that interfaction fighting had taken place between Din Mohamed, a petty chief of Dashtyari, who was being incited by Dost Mohamed, and

other petty chiefs of Gwettur. The matter was regarded by the Persian War Office as quite unimportant and, as no reports of further developments have been reported from either Kerman or Bushire, I presume that it has not been serious, and I mention the incident merely as a further indication of the lack of co-ordination between Government Departments in their conduct of affairs in Persian Baluchistan already illustrated in Mr. Law's despatch.

This is not a matter which need cause us undue anxiety, except in so far as the insecurity and disturbed conditions which are a likely result may endanger British interests and particularly the peace of the Indian border. A breach of this peace has indeed regrettably occurred, as the Government of India have stated in their telegram No. 6 of the 16th April to the Secretary of State for India.

On receipt of this telegram I addressed a note of protest to the Minister for Foreign Affairs, of which I have the honour to enclose a copy. A reply has not yet been received, but, referring to this incident, the Chief of the General Staff informed the military attaché that the General Officer Commanding the Seistan Brigade was proceeding to Duzdap to investigate, that it was proposed to increase the strength of the garrisons at Duzdap and Khwash, and that, whatever general policy was decided upon as regards Baluchistan, he hoped that it would be possible to take effective measures to prevent a recurrence of these frontier raids.

While I do not attach too much weight to the words of the Chief of the General Staff, I do not rule out altogether the possibility that the question will meet with the serious attention of the Prime Minister, whose pride, at least, may be touched by the doubt these raids cast on his power to govern Persia.

This, indeed, was the impression gained by the military attaché when he recently discussed the situation in Baluchistan with him. The Prime Minister said he hoped to be able to deal with Persian Baluchistan in the autumn. He meant eventually to complete his centralising policy by bringing that area under the complete control of the Central Government, but he did not disguise from himself the fact that it was an arduous and, from a financial point of view, an unprofitable task. Baluchistan was not an area that would easily repay attempts at development. Its peace was really a matter of more direct interest to the Indian than to the Persian Government, but he realised his responsibilities. At present he had on hand problems that were of infinitely greater importance to the interests of Persia, in Arabistan, Luristan and the Turkomans. In the two former he was, he hoped, within sight of a satisfactory and profitable settlement. The last was a problem which was causing him much anxiety and might engage all his available troops.

In the enclosure to my despatch No. 215 of the 30th April it was reported that the Persian Government were now taking a grave view of the Turkoman situation and were devoting serious attention to the measures best suited to deal with it. I feel that anything that distracted them from the solution of this question, which is large with the possibilities of unpleasant developments, would be regrettable, and I am therefore disinclined to urge them to any early action in Baluchistan which would involve the commitment of any large proportion of their very slender military resources except in case of real necessity.

I should, however, be glad to receive the views of the Government of India regarding the minimum measures necessary on the part of the Persian Government to ensure the peace of the border. In my own opinion nothing short of the complete suppression of Dost Mohamed is likely to achieve the object, and to effect this no half measures will be of any avail.

I am sending copies of this despatch to the Government of India and to His Majesty's consular officers at Kerman and Seistan.

I have, &c.
PERCY LORAINÉ.

Enclosure 1 in No. 110.

Consul Law to Sir P. Lorainé.

Sir,

I HAVE the honour to submit enclosed, for your information, copy of my despatch of the 28th instant, with enclosure, to the address of the Foreign Secretary to the Government of India, regarding the situation in Persian Baluchistan.

I have, &c.
H. D. G. LAW, I.C.S.

Consul Law to Government of India.

Sir,

Kerman, February 28, 1925.

I have the honour to address you, in continuation of my despatch and my endorsement of the 5th and 21st instant respectively, regarding the situation in Persian Baluchistan, which has moved on another step.

I have always been led to suppose that Dost Mohamed Khan of Bampur, who has been appointed "Hakim" of Baluchistan by the Persian Government, was subordinate to the Governor-General of Kerman and Baluchistan. His Excellency Nizam-ed-Dowleh told me yesterday privately that two months ago Dost Mohamed had written him a letter informing his Excellency that he (Dost Mohamed) was directly subordinate to Tehran, and was independent of Kerman, but that he would always be glad to correspond on friendly terms with the Governor-General. This can really have been no surprise to Nizam-ed-Dowleh, who also told me that he had for some time past been receiving from Tehran in sealed covers communications intended for Dost Mohamed Khan which he had to forward to the latter. He was ignorant of the contents of these communications.

Nobody in Kerman knew of this arrangement, nor of Dost Mohamed's letter of two months ago, till his Excellency told me about it yesterday, and the only reason he informed me is that he has just received from the Ministry of the Interior, Tehran, a telegram (translation enclosed) calling his attention to the disturbed state of the Dashtyari near Chahbar and Dost Mohamed's activities there, and asking his Excellency to take action to improve the situation in consultation with the Officer Commanding, Kerman. His Excellency thought this a good opportunity to find out how he stood as regards Persian Baluchistan, and if he is held responsible by the Persian Government for keeping Dost Mohamed in order, to get clear instructions to that effect. Without consulting with the Officer Commanding, therefore, he sent a reply to the Ministry of the Interior (translation enclosed) with the object of clearing the air. If in reply he gets definite instructions from Tehran that Persian Baluchistan with its Governor, Dost Mohamed, are under him, he will then have to make some definite proposals. What these will be is a matter of complete uncertainty. He has some vague notion, I believe, of asking the Government to increase the Khwash garrison to about 1,000 men from the Seistan troops with the object of "keeping Dost Mohamed in awe," and then of arranging a meeting between himself and Dost Mohamed somewhere near Rudbar, whither he is now going on tour for two months (having decided to visit these parts before the present affair cropped up).

After sending off his telegram to Tehran, his Excellency gave the Officer Commanding here part of his confidence: he showed him the telegram he had received from his Ministry, but not his reply. The Officer Commanding made light of the affair, merely remarking that he had sufficient troops near Chahbar to keep Dashtyari quiet, if necessary.

Meanwhile, his Excellency (and presumably also the Ministry of the Interior) is entirely ignorant of the fact that a financial mission has actually left Kerman to get into direct touch with Dost Mohamed Khan, for the financial agent here, who had orders from his Ministry to send this mission, was instructed to keep the matter secret; and, though he informed me of the matter in strict confidence, I now know that he did not tell the Governor-General, and the Governor-General, for his part, has so far not told the financial agent (as, indeed, there was no particular need for him to do) about the exchange of telegrams between himself and the Ministry of Interior regarding Dost Mohamed.

Thus the Finance Ministry is trying to get revenue from Dost Mohamed through its own agents; the Ministry of Interior is instructing the Governor-General separately to bring Dost Mohamed to order, and, if they are thinking about the matter at all, the military authorities have probably got quite distinct plans of their own. With the right hand of the Government not knowing what the left hand is doing, and with an entire lack of confidence among the officials in Kerman, the only thing certain seems to be that Dost Mohamed will, at any rate for the time being, evade the issue which the Persian Government in this peculiar way appears to be desirous of forcing.

But the Governor-General is bound to learn of the financial mission before very long, and it may then be that there will follow some co-ordination of preliminary action against Dost Mohamed.

A copy of this despatch has been sent to His Britannic Majesty's Minister, Tehran; the Political Resident in the Persian Gulf; the agent to the Governor-General in Baluchistan; and His Britannic Majesty's consul, Seistan.

I have, &c.
H. D. G. LAW, I.C.S.

I.

Persian Ministry of Interior to the Governor-General, Kerman.

(Translation.)
(Telegraphic.)

According to news received, Din Mohamed Khan and Mahmud Khan, two influential chiefs of Baluchistan, are selling some of the inhabitants to Oman, Bahrein and Koweit, in exchange for arms and ammunition; and some disputes between these two chiefs have recently resulted in fighting in which some people on both sides have lost their lives.

Serdar Dost Mohamed Khan is friendly with Din Mohamed Khan and is sending him arms and ammunition, and is helping him with men.

This state of affairs has disturbed Chahbar.

No report has, up to now, been received from you on this subject.

Please discuss the matter with the Rais-i-Kushun—so that action may be taken to improve the situation and stop the trouble—and notify result.

Ministry of Interior.

II.

Governor-General, Kerman, to the Ministry of Interior, Tehran.

(Translation.)
(Telegraphic.)

Reference your code telegram, I beg to state—

When I was appointed Governor-General in Kerman and Baluchistan, I hoped that my Ministry would be confident of my experience of thirty years' duration, and my reliability and capability—of which I have given proof on various occasions in discharging important services—and would have no anxiety as regards the area under me. I further hoped that, receiving full support, I would be made responsible for order in Baluchistan, without any dispute or trouble.

After my arrival in Kerman, I started to make plans for the settlement of the Baluchistan question.

Dost Mohamed, after a series of correspondence—consisting of lies throughout—and after receiving replies from the Ministry of the Interior, found an opportunity of declaring himself independent of me.

Immediately after this, I addressed my Ministry, but received no reply. So, without any hesitation, he (Dost Mohamed) adopted an attitude which has brought about the present state of affairs.

Now that, with the permission from his Highness the Prime Minister, I am leaving for the Garmsir, I assure the Government that, in spite of the lateness of the season and the approach of warm weather, still, if I am entrusted with responsibility for Baluchistan, I will, under the auspices of the Prime Minister's good luck, prove my ability and true intentions to my Government.

I am discussing the matter with the Rais-i-Kushun and will report the result later.

I am waiting definite instructions.

Governor-General.

Enclosure 2 in No. 110.

Sir P. Loraine to Mushar-ul-Mulk.

Tehran, May 2, 1925.

M. le Ministre,

ACCORDING to telegraphic information received by the Government of India from the authorities in British Baluchistan, a number of Damani tribesmen of the Sarhad have recently crossed the frontier from the Persian to the Indian side on a raiding expedition in Mekran. Having first assembled at Dizzak, they proceeded to attack Parom on the 12th April. Two Mekranis were killed, but the raiders were fortunately driven off, with loss.

I have been requested by the Government of India to draw the attention of the Persian Government to this transgression of the frontier, against which they are bound

to enter a protest, but of which full details have not yet been received. I trust your Excellency will be good enough to move the competent authorities to take all necessary steps in this connection to punish the guilty and prevent any further transgression of the frontier.

I avail, &c.

PERCY LORAINÉ.

[E 3046/136/34]

No. 111.

Sir P. Loraine to Mr. Austen Chamberlain:—(Received May 25.)

(No. 236.)

Sir,

Tehran, May 7, 1925.

I HAVE the honour to inform you, with reference to my telegram No. 97 of the 4th May, that I had a lengthy interview with the Prime Minister on the 2nd May, during which I raised and discussed with him fully the question of the Sheikh of Mohammerah.

I told him that, in view of his statement to Mr. Monson during my absence at Shiraz, I did not wish to prejudge the matter, but rather to keep an open mind as regards the explanations which he had volunteered to give me personally on my return to Tehran. I thought, however, it would be best to tell him, before he explained his point of view, what I had thought and what I felt about the incident. I would not disguise from him the astonishment with which I had received at Shiraz the news of the sheikh's arrest, or the uneasiness which it had caused me. The report of his statements to the legation had reached me at Isfahan on my return journey, and had somewhat mitigated these feelings without removing them altogether. His Highness's action in arresting the sheikh appeared to me quite contrary to the assurances which he had given me at Ahwaz last December, when it was agreed that the sheikh's prestige should be protected against further shocks. It was, moreover, quite inconsistent with the language which his Highness had held to me on the 1st April, when, although anxious to bring the sheikh to Tehran, he had professed his willingness to leave the sheikh complete freedom of action, and had sought my co-operation in inducing the sheikh to come, which I had readily accorded (see my despatch No. 167 of the 3rd April).

I went on to say that the sheikh's arrest must be considered in two aspects; firstly, as regards its effects on the sheikh himself; secondly, in its effect on my own position and that of His Majesty's Government.

As regards the sheikh himself I felt that the humiliation put on him could, whether justifiable or not, scarcely be repaired. I was, however, really more concerned at the moment with the second point than with the first. His Highness's action had placed me in a position of extreme embarrassment, *vis-à-vis* of the sheikh on the one hand and my Government on the other hand. What was I now to say to the sheikh when he reached Tehran? I had counselled him to be friends with Reza Khan, to trust in his goodwill and sincerity. Similarly, what was I to say to my Government, to whom I had reported his Highness's various assurances, and especially his promise to take the sheikh under his personal protection and to see him through his difficulties. How was it possible to reconcile his Highness's recent action with these statements? Reza Khan would, I thought, agree with me that without our friendly mediation the settlement of last autumn would not have been attainable; but in this phase, as in others, of the sheikh's story nothing would have been possible except in an atmosphere of mutual confidence. The arrest of the sheikh, especially at a time when I was temporarily absent from Tehran, had given my feeling of confidence a sharp jolt. This was dangerous, and threatened other things even more important than the personal future of the Sheikh of Mohammerah. However, what was done, was done; the sheikh had suffered a public humiliation, and everyone in Persia knew of it; if the matter were to be arranged, it must, I thought, be on the basis of making some amends to the sheikh, I put forward that solution of principle for his consideration, and was ready to listen to his Highness's explanations.

His Highness replied by briefly reviewing the events of last summer, emphasising the fact that the sheikh had begun by flouting his authority, and that all His Majesty's Government's efforts to bring him to reason had been unsuccessful until he himself had had to leave for South Persia and make preparations for compelling the sheikh to submit by force.

It was true that the sheikh had yielded later, and he had made his peace with him, and had given him certain undertakings which he still stood by. His Highness said that before all this, we had both agreed that if only the sheikh could be persuaded to come to Tehran and see things for himself, it would have produced the best effect on him; he would indeed have even brought him back to Tehran with him last December if it had not been that it was necessary for the sheikh to remain behind in Arabistan and help to put affairs back into order. Since then he had tried in every way in his power to persuade him to come to Tehran, even to the extent of telegraphing to him offering every guarantee of safety and security for himself, his family and his properties. To all these advances the sheikh had continuously turned a deaf ear, and it was evident that he intended to leave the country and go to live at Basra, where he had been busily repairing and renovating his house. It had also been brought to his notice that there was a certain amount of propaganda going on in the Arab press even as far away as Egypt in connection with the sheikh, and now that he was obliged to withdraw the bulk of his forces from Persian Arabistan he felt that he could not leave the sheikh there, or as near there as Basra, probably in a sulky mood and possibly trying to create reactions in his own favour, without incurring considerable risk and possibly great expenditure, if, as the result of any sort of trouble, he had to despatch troops again to that region. He therefore felt that he had no option but to bring the sheikh to Tehran by whatever means he could, and he had resorted to those means only when he had exhausted every other possible method, and when it became clear that the sheikh ignored my advice to come to Tehran as well as his own requests to do so. He reiterated that he still stood by his promise to put the sheikh's affairs into proper order and on a permanently legal basis; that was the personal side of the matter; there was, however, a political side also, and in view of certain political necessities he had been forced to take the action referred to, but he had a perfectly clean conscience in the whole matter.

His Highness then alluded to my personal position, and said that when he decided to arrest the sheikh, he quite realised that such action would expose our personal relations to a shock; however, he saw no other alternative and felt that he must take the risk, much as he regretted it, and trust that his explanations, when he saw me, which he knew I would weigh reasonably, would remove any anxiety I might have entertained and preclude any possibility of an estrangement. He did not himself feel that in the light of his explanations, I should experience any embarrassment when I met the sheikh; and as regards His Majesty's Government he hoped that those same explanations would suffice to dispel any suspicion of his motives to which the news of his action might have given birth.

I replied that I would acquaint my Government with his Highness's explanations, which shed a more favourable light on the matter, but that in my personal view it was necessary now for him to make some amends for having at all events subjected the sheikh to the humiliation of arrest. If he was ready to do so I would tell him what seemed to me necessary. On his invitation to do so, I said that it was, in my opinion, necessary that the sheikh should arrive honourably in Tehran and in no way, as it were, under arrest, that his Highness should send out a representative to welcome him on the way and receive him on his arrival, that I should myself wish to send a member of my staff to meet the sheikh a stage out from the capital, and that the sheikh's friends should be free to go out to greet him. I reminded him that sheikh held very high British decorations. I also said that some time after the sheikh's arrival, I would wish to entertain them both together and cement their friendship.

Serdar Sepah acceded to all I said, and added that the sheikh was actually being treated with all honour, but stated that he preferred to leave acceptance of my invitation until later, in order that he might first see how far the sheikh would be willing to co-operate with him in putting his affairs into order. He added that he was putting at the sheikh's disposal a house and garden belonging to the Government outside the town, and that his real personal friends would be free to come and go, but that he did not wish the sheikh to have any relations with politic-mongers and people with a political axe to grind. In this I entirely concurred.

I consider that Reza Khan has made out a good case for his action especially as the sheikh refused to listen to my advice to come here of his own accord, and announced his intention of going to reside for a time at Basra. The definite character of the counsel which I sent him can be gauged from a perusal of the accompanying copies of two telegrams which I despatched to Mr. Monypenny on the 13th April. I remain of opinion that his presence in Tehran is necessary in order to enable his Highness to carry out his promises in connection with his lands, and I personally think a stay in the capital will allow him to gain an insight of affairs which he could never

acquire in any other way. With the sheikh present in Tehran, I can also more easily and rapidly urge the Prime Minister to carry out his promises, and learn sooner at first hand whether he is actually doing so in a satisfactory manner.

It becomes increasingly clear that on each occasion that the sheikh fails to follow the advice given him by His Majesty's representative he creates a difficult situation for himself and an embarrassing one for His Majesty's Government.

I think one other remark of Reza Khan's is worth recording. He asked His Majesty's Government and me to bear in mind that an occasional display of authority in the south had one especial advantage, inasmuch as it put him in a much stronger position to assert the authority of the Central Government in the north in order to counteract Russian influences. The proof of the relative importance which he attached to either question lay in his decision to reduce troops in the south to a minimum and to reinforce them in the north. If, therefore, an occasional gesture of his in the south caused us some annoyance, he begged us to reflect that it had a reaction in other directions, which was essentially favourable to our general interests.

I am transmitting copies of this despatch to the Government of India, His Majesty's High Commissioner at Bagdad and His Majesty's consul-general at Bushire:

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 111.

Sir P. Lorainé to Consul Monypenny (Ahwaz).

(Nos. 16 and 17.)

(Telegraphic.)

Tehran.

YOUR telegram No. 7.

I informed Prime Minister of sheikh's fears if he should come to Tehran, and he replied they were groundless, and that he was most anxious to put sheikh's tenure on legal basis, and personal presence of latter in Tehran would just give that help which would be necessary to enable him to see the sheikh through.

I am convinced that Prime Minister is genuine in his desire to help, and I have every conviction that sheikh's presence here at time of negotiations will result to his own advantage. In my opinion he need have no hesitation whatever in coming, and I hope he will come himself, which will be much more effective than sending Abdul Hamid.

(Confidential.)

You will realise that what is main hindrance to a permanent settlement and friendship between sheikh and Reza Khan is former's suspiciousness, and you will, I am sure, do all you can to remove this.

[E 3049/3049/34]

No. 112.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received May 25.)

(No. 239.)

Sir,

Tehran, May 8, 1925.

I HAVE the honour to inform you that a Bill has recently been passed by the Majlis abolishing as from the 5th May all titles held by civilians possessing a military significance such as Sipahsalar, Sipahdar Amir Panj, &c., and as from the 5th August all titles whatsoever.

The decision seems to be due in part at least to the action of Reza Khan in abandoning his own title of Serdar Sepah and in taking the family name of "Pahlewi," a renunciation in accordance with his recent decree abolishing all titles in the army.

The passage of the Bill through the Majlis was marked by some display of feeling, one of the sons of the Farman Farma, Mohammad Vali Mirza, being rather violent in his denunciation of its author.

Most of the aristocratic members, however, at once announced their willingness to relinquish their titles. There was a general recognition that these resounding names were but empty words, conveying little if any distinction to the bearer, and some speakers even said that Persian titles had become a world-wide joke—an unusually objective view for so self-conscious a race as the Persians.

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I am sending a copy of this despatch to the Government of India, the High Commissioner at Bagdad, and the consul-general and resident in the Persian Gulf.

I have, &c.

PERCY LORAINÉ.

[E 3054/110/34]

No. 113.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received May 25.)

(No. 246. Confidential.)

Sir,

Tehran, May 9, 1925.

I HAVE the honour to inform you that Persian opinion has, in its own curious way, been ruminating a good deal of late over the question of the Northern Oil Concession and of railway construction. The virtual collapse of the negotiations with the Sinclair Oil Company, that company's failure to raise the 10-million-dollar loan, the sense of disillusionment as regards the American financial advisers and American financial assistance, and the growing but still barely articulate belief that Persia's future depends on the restoration of good and cordial relations with Great Britain, have doubtless been factors contributing in various degrees towards the direction of Persian thought on these and cognate subjects into fresh channels.

On my return to Tehran at the end of last year a large proportion of important Persians who sought interviews with me adverted to Northern Oil Concession and asked my views. I expressed the personal opinion that the best solution now, assuming the lapse of the negotiations with Sinclair, was to revert to the system which I had advocated in 1922, namely, to give the concession to the Standard Oil Company, and to let that company and the Anglo-Persian Oil Company make what arrangements between themselves they thought fit as regards the vexed question of the rights purchased by the latter from M. Khoshtaria, and for the Anglo-Persian Oil Company to keep in the background so far as actual exploitation in the northern provinces was concerned.

My interlocutors agreed, without exception, that the course thus outlined was the best and most advantageous one to pursue, and later on indications reached me that the idea was making considerable headway.

Another idea, however, has emerged, and it is to this that I wish to draw your especial attention in the present despatch. It may be summarised as follows: The Persian Government link up the question of the Northern Oil Concession with that of railway construction; they will give the former, free of any conditions as regards a loan, to any reliable company or group willing to provide them with a railway which they consider suitable to their purposes and to the needs of the country. I do not know who is the originator of this idea, but its protagonist is certainly the present Minister of Public Works, Serdar Muazam, Khorasani, whose mind works quickly, but not always, I fear, in a very straight line. The idea is a rather vague one, but I am by no means convinced that it is an unworkable one. Such important interests and such enormous possibilities are involved that, in my opinion, it deserves close scrutiny and most careful consideration. As a matter of caution and supposing we were able to settle the two questions—oil and railways—according to our own ideas, I should prefer to deal with them *seriatim* and in that order, for I believe that if an Anglo-American group secured the Northern Oil Concession, it would very soon feel an imperative need of railway communications with the west and be proportionately more inclined to assist the Persian Government in ensuring its construction, or to encourage their business friends to do so. I do not, however, discard the suggestion of linking up the two questions, provided, of course, that the joint enterprise could be secured for a British or an Anglo-American combination. A purely British concern, however, is unlikely to be acceptable here for fear of Russian retaliation, and we may therefore postulate an Anglo-American group for purposes of practical discussion. The consideration of the problem, however, need not take into account at this stage the question whether the two enterprises are taken singly or together, as the arguments of principle obtain in either alternative.

The vital matter, from the point of British and imperial interests alike, is unquestionably the railway problem. One day or another Persia must have her railway system, and it is not too much to say that its general alignment and the circumstances of its construction will have a profound and probably a decisive influence on the whole of South and South-West Asia, and thereby on the vast

network of British interests, both political and economic, involved in that region. In certain circumstances such a railway may constitute a direct threat to our possessions and dependencies in the East; in other circumstances it may serve to consolidate our whole position and as an invaluable guarantee of its permanent security. That depends on whether the main axis of the Persian railway system runs north-south or west-east. In my despatch No. 144 of the 2nd April, 1923, I examined the question of alignment in some detail, and concluded unhesitatingly in favour of the west-east axis; it was a considerable satisfaction to me to learn from the reply returned to that despatch by the late Marquess Curzon of Kedleston that His Majesty's Government were in substantial agreement with those conclusions. Subsequent reflection has only served to strengthen my convictions in this regard and to enhance the significance of the problem. I am not of course speaking of the Persian railway as an isolated factor, but as a sector, and a very essential one, of a transcontinental South Asiatic trunk line, linking up India with the eastern basin of the Mediterranean via Bagdad, and with Western Europe via Bagdad and Constantinople.

The project is a vast one, and it is one of consummate interest to the British Empire. Its execution would serve the following purposes:—

1. Create direct rail communication with India.
2. Be a strategical counter to the two lines of lateral communication, the trans-Siberian railway and the Caucasus and trans-Caspian railways, which are the backbone of Russia's military power in the East.
3. Create a powerful barrier against Russian penetration southwards through Persia.
4. Confirm Persia in her natural status as a South Asiatic State; enable her to fulfil her historical rôle of a link between East and West; and guarantee her so far as can be against being drawn into the Russian orbit.
5. Set up a stabilising factor in this part of the world, both strategically and economically.
6. Encourage economic development, in which British industry and enterprise is bound to be interested, and is well equipped for extensive participation.

I beg leave to express the opinion that, if these conclusions on due examination are found to be sound, the advancement of railway construction in Persia should be adopted as a principle of British policy.

I think that the moment has been reached when the question should be thoroughly sifted and a decision of principle taken for two particular reasons: Firstly, because the economic dilapidation of Russia considerably diminishes the risk of effective opposition from that quarter; secondly, because the grant of the Mosul oil concession to the Turkish Petroleum Company makes it well nigh a certainty that a railway will be built from a port on the east shores of the Mediterranean to the banks of the Tigris, which will constitute the first sector of the eventual line to India on an alignment most suitable to British interests.

Postulating a decision favourable to these contentions, the question of ways and means arises, and I beg leave to express my views in this connection also. If the answer to my suggestions regarding the question of policy be in the affirmative, the desirability of taking the line of least resistance likely to lead to the achievement of our purpose will hardly be denied. I consider that the actual project could best be carried out most advantageously and with the minimum risk of friction by an Anglo-American group.

In saying this I am not unmindful of the prior interest in railway construction of a British group—the Persian Railway Syndicate. It may be taken as certain that the chances of this syndicate doing business with the Persian Government are so meagre as to be practically negligible; insistence on the letter of their unratified option would merely defeat the main object under discussion. There are other ways of satisfying their claim. I think that before long I shall be able to secure a settlement of the question of their survey expenses. The Persian Government are already casting about for means to pay them off and the American adviser recognises the validity of the claim. Their interest in the matter of construction should be merged in the Anglo-American group, and some arrangement similar to that between the Anglo-Persian Oil Company and the Standard Oil Company as regards the Khoshtaria rights ought to be capable of negotiation.

The Anglo-American group ought to have as its basis the Anglo-Persian Oil

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Company and the Standard Oil Company. The former could most suitably undertake and inspire the new organisation in view of—

- (a.) Their relations with Standard.
- (b.) Their considerable interest in the Persian Railway Syndicate.
- (c.) The general interest they possess in the economic prosperity of Persia.
- (d.) Their commanding position in the world of industry and finance.

The two companies are the ones best suited to co-operate in bringing the group into being, because there is already an understanding between them, because they are jointly candidates for the Persian Northern Oil Concession, because they have a common interest in the Turkish Petroleum Company, and thereby in the westernmost sector of the projected South Asiatic Railway, and because of the magnitude of their joint resources.

The general question of Anglo-American co-operation also arises in this connection and equally demands consideration on grounds of principle. Throughout my tenure of this post my advocacy of such co-operation has been frequent and consistent, so I do not feel it necessary to develop that aspect of the matter at any length. I believe, however, that if it can be successfully inaugurated, especially as regards the development of world communications, it will act on the one hand as a stabilising factor of the first magnitude, on the other hand as a guarantee against any cut-throat Anglo-American competition, beginning in economic rivalry and leading to a struggle for political influence. From my available information it seems unlikely that the United States Government would specifically commit themselves to promoting such co-operation, and it is even doubtful whether they would go as far as a platonic benediction. If that be so, the matter should be taken up as a business proposition between business people; if business resulted and the group included the Standard Oil Company, the United States Government would automatically be committed to support the important American interests thus involved.

One other important aspect of the matter must be dealt with, namely, the methods to be employed to render the scheme not only palatable but also acceptable to the Persians.

It is quite clear that the present policy of improving Anglo-Persian relations and of drawing the two countries together in bonds of mutual confidence and interest must be steadfastly pursued and even intensified. When the time comes to approach the Persian Government the ground must have been carefully prepared, and the project must be put forward with a genuine and expressed desire to consult Persia's interests and take into account her desiderata. At all costs, the appearance must be avoided of an attempt to secure Persia's consent to an enterprise on her soil the real purpose of which is to serve the interests and requirements of foreign States. The cardinal point to bear in mind and the one most likely to gain Persian support for the scheme is to give satisfaction to the national desire for direct communication between Mohammerah and Tehran. This, I believe, runs contrary to no essential British interest, and, moreover, it is nothing more than the execution of the plan already laid down in the options granted to the Persian Railway Syndicate. From the construction of the Mohammerah Railway alone I should be averse because of the north-south inflection which it would give initially to the system; therefore, that line should be built simultaneously with the western line, linking up Tehran, Hamadan and Kermanshah with Bagdad immediately, and with the Mediterranean ultimately.

Furthermore, the Persian Government should be given, on terms which can more usefully be discussed at a later stage, a direct and substantial interest in the railway; and it will probably be found desirable, in order to satisfy national aspirations and secure Persian co-operation, to allow some measure of Persian representation on the board of directors, and to offer facilities for the training of Persian railway personnel of all grades.

I believe that in the foregoing suggestions, which are necessarily of a general character, may be found the elements of a positive constructive policy, and I trust that I am not stepping outside my province in submitting them for your consideration.

I have, &c.

PERCY LORAINÉ.

[E 3056/82/34]

No. 114.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 25.)

(No. 249. Secret.)

Tehran, May 9, 1925.

Sir, I HAVE the honour to transmit herewith Intelligence Summary No. 14 for the period ending the 2nd May, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 114.

(Secret.)

Intelligence Summary No. 14 for the Period ending May 2, 1925.

Turkoman Situation.

1. The military policy to be adopted towards the Turkomans has been under the consideration of the High Military Council during the past fortnight.

2. Reports from Astarabad say that minor raiding by Turkomans and counter-raiding by troops occurred during March, but that otherwise there was no serious disturbances.

3. The British consular agent at Astarabad reports that for some time past the Russians have been intriguing with the Ja'afarbai Turkomans in the Astarabad Province, and had succeeded in persuading a few individuals of that tribe and also of the Atabai to send petitions, sealed with a large number of fictitious seals, begging the Russians to take over their country. The same individuals were also to proceed to Moscow as a pretended deputation from the Turkomans to lay the same petition before the Soviet Government; but, when responsible chiefs of the Turkomans heard of this, they refused to allow the men to go.

Comment.—The degree of credibility which can be given to the details of the above report is not known, but it is probable that it has some foundation.

4. The British consular agent in Astarabad reports that the Russians are spending about 100,000 tomans among the Yamut Turkomans on advance purchases of cotton.

Gilan.

5. Reference paragraph 7 of Summary No. 13, from reports received it appears that the riot in Resht came near to assuming serious proportions. The troops were obliged to fire over the heads of the mob, and this effectively dispersed them. Guards were posted at the British and Russian consulates to prevent any attempts to take bast. Excitement reigned for some days, but this has now subsided, though the General Officer Commanding has not yet made his peace with the Ulama, and the latter are still agitating for his recall.

6. The light railway from Resht to Pir-i-Bazar is being repaired by Khoshtaria, the present concessionaire.

7. The Russian school at Enzeli is to be closed under orders from the Soviet Legation. (See also paragraph 30 of Summary No. 13.)

Azerbaijan.

8. Two points on the Russo-Persian frontier on the Moghan Steppe, which had some time ago been occupied by Persian posts, were recently seized by Russian troops. The Persian War Office had information that about 1,500 Soviet troops were concentrating in the vicinity. His Majesty's consul at Tabriz reported on the 25th April, and the Persian War Office confirms that a commission was being despatched to investigate the matter on the spot, and that a force of 400 troops had left Tabriz for the locality. The Persian General Staff admits that the ownership of the points is disputable. Serious developments are not anticipated.

Tehran.

9. The Tehran paper "Mihan" of the 27th April publishes articles under the headings "Persia and Britain" and "Persia and Russia." The former is mildly pro-British and is remarkable in comparison with the tone of the Tehran press during

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the last few years. The latter is also appreciative of the present state of Russo-Persian relations, and was probably published to balance the former. Summaries of both are given in the appendix.

10. Orders have been issued by the Commander-in-chief that all military officers are to give up their titles and are to be known in future by their personal and family names. The Prime Minister has given up his title of Serdar Sepah and will in future be known as Mohamed Reza Khan, Pehlevi.

11. Anonymous leaflets purporting to be issued by a secret society calling themselves the Khiyamun have been distributed freely on at least two occasions recently. They threaten death and damnation to a large number of people, but principally to the Shah's supporters.

12. A report has been received from a fairly reliable source that Farzaneh, one of the Prime Minister's secretaries, who left Persia for Berlin at the end of February or beginning of March, is to meet there representatives of the Turkish and Afghan Governments to discuss the future policy of their Governments towards Russia and the Western Powers.

13. Dr. Millspaugh is leaving for America during May and is expected to return in September. In a letter to the press he promises to inform American bankers and capitalists of the improvement in Persian finances.

14. The press publishes a letter from Dr. Millspaugh to the Prime Minister, which stated that the numbers of the American mission are inadequate for the duties they have to perform, and recommends the engagement of twelve more American advisers to be employed until such time as Persians are qualified to do the work.

15. On the 21st April the Persian police arrested a certain Pokhitanov, an officer of the Imperial army who during the war acted as a liaison officer between British and Russian forces in North-West Persia, and was, it is reported, granted the Military Cross. It has been known for some time that he had joined the Bolsheviks.

On the same and subsequent days several other individuals were arrested who are known from secret sources to be Bolshevik agents, including Rasul Zadeh and Akhundov, of whom brief notes are appended. The reason for the arrest has been kept a secret, but it is understood that the police have acquired information of a Bolshevik plot of a terrorist type.

It is reported that the Russian Legation attempted to prevent the search of Pokhitanov's house, but the seals put on the doors by the Soviet consul were ignored by the Persian police, and interesting papers are said to have been discovered.

It is understood that the Russian Legation has protested against the ill-treatment of its subjects.

It is reported that Pokhitanov and some of the others have already been deported to Enzeli to be sent out of Persia.

Rasul Zadeh.—A Caucasian Tartar employed in Tehran by a shady Jew known as Bykov, who is associated with an equally or more shady co-religionist called Lapidos, who had frequently been reported to do secret work for the Bolsheviks, though these reports have never been confirmed.

Akhundov.—Worked as a secret agent for the Bolsheviks in Enzeli in 1922, whence he was removed by the Persian authorities to Hamadan. Returned to Enzeli the following year and was again removed to Tehran. Since then his activities have been less conspicuously objectionable.

16. The Tehran paper, "Shafagh-i-Surkh," of the 9th April publishes a protest against the permanent retention of a Russian gunboat in Enzeli harbour. It says that it is difficult to believe in the sincerity of the protestations of friendship and sympathy of the Soviet Government in the face of such actions as the above and the Russian attitude towards the matter of the Caspian fisheries.

17. Mirza Majid Khan Ahi has been appointed commercial representative of the Persian Government at the forthcoming Baku Fair.

18. Romanovski, or Romanski, who was the representative of the Third International, has, it is reported, been dismissed and left Persia about the same time as M. Shumyatski.

19. Discussions are still continuing between the Junker's Company and the Persian Government. The company have closed the recently inaugurated Tehran-Isfahan service, and it has been several times reported that they were leaving Persia altogether, but they still hang on.

20. The Tehran press announces that the German Esser (see paragraph 3 of Summary No. 8) has applied for a concession for the construction and working of an electric power station on the Jajarud River to supply electricity to Tehran.

Kum.

21. It is reported that the Russians have opened a trade agency in Kum, which acts for all their commercial concerns.

Kermanshah.

22. The greater part of the expeditionary force that had been concentrated for the coercion of the Vali of Pusht-i-Kuh returned to Kermanshah about the 1st April. A report, which is probably exaggerated, gives the strength as—

1,400 cavalry.
2,000 infantry.
4 guns.
16 machine guns.

The bulk of these belongs to the North-Western Division.
The troops themselves anticipated that they might be sent to Kurdistan.

Luristan.

23. The Amir Lashkar of the Western Division reached Khorremabad by air on the 12th April, and is examining the Luristan situation.

Pusht-i-Kuh.

24. It is reported, but requires confirmation, that the Vali of Pusht-i-Kuh has returned to his country and that he has telegraphed to the Prime Minister an assurance of the loyalty of himself and his tribes.

Fars.

25. Telegrams have been sent to the Majlis and the Prime Minister by the principal khans of the Kashgai making bitter complaints against Soulet-ed-Dowleh, and expressing the hope that he would not be allowed to return to a position where he could continue to oppress them. (See also paragraph 15 of Summary No. 13.)

Kuhzestan (Arabistan).

26. The Sheikh of Mohammerah was arrested by the military authorities in Mohammerah on the 19th April and is being brought to Tehran via Khorremabad.

The official reason published for his arrest is that he failed to obey the Prime Minister's summons to come to Tehran to discuss future arrangements for the control of Arabistan and the settlement of his properties. It is understood that this is the case.

The Prime Minister now hopes to be able to remove the bulk of the troops from Arabistan.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, May 2, 1925.

APPENDIX.

Summary of an Article which appeared in the Tehran Paper "Mihan" of April 25, under the Heading "Persia and Britain."

Although the troubles in the south and the revolt in Kuhzestan must be attributed to foreign intrigues, yet we must admit that, thanks to the excellent policy of Serdar Sepah, there has been no deterioration of the relations between Persia and Great Britain.

On the one hand, the feelings of hostility resulting from ignorance that resulted in an outcry by rowdy elements against the British have disappeared, and, on the other hand, the British have ceased from their open interference in the internal affairs of Persia.

Our great hope lies in the good policy of Serdar Sepah and the wise and just attitude of Sir Percy Loraine.

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Under the Heading "Persia and Russia."

Most of the misunderstandings that existed between Persia and the Union of the Soviets have been removed during the last year. Although all the steps towards a rapprochement have been taken by the Persian Government, yet the activities of M. Shumyatski helped to improve relations.

The Post and Telegraph Convention, which was to the advantage of the Russians, was signed during the year; the Commercial Agreement awaits ratification, and, in spite of the Russian disregard of Persian interests in the matter of the Caspian fisheries, an agreement has been drafted and submitted to the Majlis. All the actions taken by the Persian Government with regard to Russia have been friendly.

But it must be admitted that M. Shumyatski was a wise and intelligent Minister, with sympathy for Persia and understanding of her needs, which he showed by the inauguration of a transport service on the northern roads, the import of agricultural implements and the provision and erection of the wireless plant.

If the question of the Caspian fisheries can be settled in a manner satisfactory to both Governments there will be no more problems to worry about.

No. 115.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received May 26.)

(No. 130.)

(Telegraphic.) R.

Tehran, May 26, 1925.

MAJLIS commission is considering Government Bill to cancel firmans granting so-called monopoly concessions which have not been carried out or only partially exploited up to the 21st March, 1925. Text by next bag.

I have discussed matter with Minister of Public Works, author of Bill, but he cannot agree either to withdraw Bill for further consideration, to make it applicable to firmans held by Persians only or to modify text generally to safeguard any foreign holders of firmans, his point being that Persian-held firmans would at once be sold to foreigners, and so escape by that hole. But he says that I can get written assurance from Minister for Foreign Affairs that law will not affect D'Arcy concession. I am writing to ask for this. Separ Salar firman for northern oil seems, however, to be affected.

I have also discussed matter very thoroughly with my Christian colleagues. Italians and Germans must consult their Governments, their interests not being directly affected. French, Belgians and I are making general reservation in writing. American was unable to attend meeting.

[E 2782/972/34]

No. 116.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 238.)

Sir,

Foreign Office, May 26, 1925.

I HAVE received your despatch No. 200 of the 22nd ultimo relative to certain criminal proceedings which a Swiss national named Brack proposes to take against an Austrian national named Serbouzeck in Resht.

2. The presumption contained in the fourth paragraph of your despatch, that the competent court in the case referred to is the Tribunal of the Ministry for Foreign Affairs and not the British consular court, is correct. It is true that His Majesty's Government are protecting Austrian interests in Persia, but this protection does not involve the exercise on the part of His Majesty's Government of any extraterritorial jurisdiction over Austrian nationals in that country, since His Majesty's Government could only exercise such jurisdiction as Austria herself possesses, and she now possesses none.

3. As you are aware, for purposes of jurisdiction a foreign national who does not enjoy extraterritorial rights in Persia is in the same position as a Persian subject. The case must therefore be treated as if it were a case between a foreign plaintiff possessing extraterritorial rights and a Persian. For criminal cases of this description the competent tribunal is, according to the practice described in the Foreign Office memorandum of

the 1st December, 1923, which formed the enclosure in my predecessor's despatch No. 92 of the 19th February, 1924, the Tribunal of the Ministry for Foreign Affairs.

4. In these circumstances the points raised in paragraphs 5 and 6 of your despatch do not arise, and the judicial duties of British consular officers in Persia will not be increased owing to the assumption by His Majesty's Government of the protection of Austrian interests in Persia.

I am, &c.

AUSTEN CHAMBERLAIN.

[E 3271/1566/34]

No. 117.

Memorandum communicated by Italian Embassy.

(Translation.)

THE Persian Government refused last year to proceed with the decennial renewal of the Treaty of Friendship, Commerce and Navigation, signed at St. Petersburg on the 11th June, 1873, between Germany and Persia.

Since this treaty contains important stipulations regarding the capitulatory régime in Persia, its eventual denunciation would be of special importance, not only for Germany and Persia, but also for the other Powers which enjoy capitulatory privileges in Persia in virtue of the most-favoured-nation clause.

The Italian Government therefore desire to learn, through the courtesy of the Foreign Office, the attitude which the British Government would propose to adopt in the event of the Persian Government, as the circumstance of above-mentioned refusal leaves it to be supposed, wanting in fact to proceed to the denunciation of the commercial treaty with Germany.

If, however, the Persian Government, in spite of any action in the contrary direction should persist in the idea of denouncing the treaty in question, the contingency would arise of examining whether the interested Powers should not notify the Tehran Government that they reserve the right to re-examine the question of the capitulations within a period of five years only, provided that Government proceed immediately with judicial reforms.

In that case examination could further be made of the possibility of making a distinction between legal capitulations and financial capitulations, maintaining if necessary, subject to fixed guarantees, a less irreconcilable attitude in the settlement of the latter.

The Italian Government would like to learn the point of view of the British Government also in regard to both the second two hypotheses.

Thanks are expressed in anticipation of a confidential communication in reply.

Italian Embassy, London, May 30, 1925.

No. 118.

Consul London to Mr. Austen Chamberlain.—(Received June 1.)

(No. 172.)

(Telegraphic.)

Geneva, May 31, 1925

FOLLOWING from Lord Onslow:—

"Persian vessels in maritime zone. Please see telegram of 29th May from Indian delegation to India Office.

"I suggest effort should be made at Tehran to obtain issue of instructions to Persian delegate to withdraw his contention in view of undertaking in return, which we have supported, to exclude Persia from special zones. Fact that Persians in the meantime cannot carry on effective supervision at sea obviously prevents proper fulfilment of their undertaking so far as maritime zone is concerned if we have to depend solely on their own efforts."

No. 119.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 99.)

(Telegraphic.) R.

Foreign Office, June 3, 1925.

ARMS Traffic Conference.

British delegate reports that Persian delegate, though without instructions from his Government, is contending that exclusion of Persian vessels from provisions of convention relating to search in maritime zone is natural corollary of exclusion of Persia from special zone. Such contention, if persisted in, would destroy effectiveness of control in maritime zone established under the convention, as all native craft engaged in illicit traffic would take to flying Persian flag and thus obtain immunity denied even to vessels flying British flag.

His Majesty's Government, who took the lead in proposing exclusion of Persia from special zone, expect co-operation of Persian Government in maintaining provisions which are designed as much for their own protection as for any other purpose, and which, if whittled down, would lead to situation less satisfactory than that at present obtaining.

Please urge Persian Government to instruct their delegate without delay not to act on his own initiative, but to continue loyally to co-operate with his British colleague in a matter to which His Majesty's Government attach as much importance as did Persian Government in exclusion of Persia from special zone.

No. 120.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 100. Confidential.)

(Telegraphic.)

Foreign Office, June 3, 1925.

HIS Majesty's Government have approved in principle arrangements for introduction of civil air transport service from Egypt to Karachi, by route passing through South Persia.

It is impossible to communicate definite or final proposals, but scheme at present under consideration, and which is not likely to be modified substantially, would include weekly service in each direction between Basra and Karachi, operated by small machines carrying probably no passengers, but only freight and mails. Term of agreement would be five years.

Landing places in Persian territory would be Bushire, some point between there and Bunder Abbas, Bunder Abbas itself, Jask and Charbar. Building operations of any magnitude would probably not be required on these aerodromes, but possibly some extension of their limits and preparation of the surface may be advisable.

Operating company may desire to erect quarters on small scale for personnel, and Air Ministry may find it desirable to establish small wireless stations to be operated by company's personnel.

Landing places at Bushire, Jask and Charbar are believed to be supervised and maintained at present by British agency. These observations are made on assumption that these aerodromes may be regarded for practical purposes as in British occupation. If, however, Persian Government take definite view that as civil operation is being started these aerodromes must be Persian aerodromes equipped and maintained at Persian expense, this attitude would have to be accepted.

No subsidy is asked for from Persian Government regarding this service.

Persia having adhered to International Air Convention, His Majesty's Government are entitled to assume that no difficulties will be placed in way of British service on an international route.

In first instance I shall be glad to receive as soon as possible by telegram your advice as to best method and form in which to approach Persian Government, and I wish to emphasise desirability that any communication to them, should you think one advisable, should only be in purely general terms.

Subject of activities of Junker Company is being dealt with in separate telegram.

No. 121.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 101.)

(Telegraphic.)

Foreign Office, June 3, 1925.

YOUR telegram No. 109 of 12th May: Junker Company's air service in Persia. Air Ministry see no objection to operation of air service between Bushire and Enzeli by Junker Company. While, however, British interests in civil air service in Persia are at present concerned with southern route from Basra to Charbar dealt with in separate telegram, it may be desirable eventually to develop branch services into interior of Persia, and it is preferable not to tie our hands by formal allocation of routes. They are, however, prepared to contemplate discussion of such service with a view to co-operation of British and Junker interests.

Statement of German Embassy here that Junker Company feel confident of obtaining monopoly of air service in Persia is not clear. It may mean that Junker will be only company subsidised by Persian Government, or a nominal Persian Junker subsidy will obtain monopoly inside Persia. This would be within rights of Persia under International Air Convention, and provided the stage Bushire-Bunder Abbas-Jask was regarded as part of international route, Air Ministry could not object.

On the other hand, His Majesty's Government could not contemplate with equanimity operation of through route from Irak to India being dependent on goodwill of German interests instead of British rights under the convention, or (if Persia repudiates or ignores her obligations under the convention) of firm understanding with Persian Government. So long as this is understood, council favour amicable arrangement with Junker interests, and agree that negotiations on subject should be conducted in London rather than Persia.

Can you ascertain discreetly developments in Tehran? On receipt of your reply matter will be broached to German Embassy.

No. 122.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 4.)

(No. 140.)

(Telegraphic.)

Tehran, June 4, 1925.

SARHAD.

It is impossible to repeat stream of telegrams coming in, and I trust reports from Government of India reaching you through India Office keep you adequately informed of current events.

Fact that tribesmen have suspended hostilities for ten days and show no disposition to threaten British subjects, coupled with messages sent to them by Persian Prime Minister through me (see my telegram No. 6 to Duzdap), makes the situation much easier, and the road is open to secure return of Persian tribesmen to their allegiance and re-establishment of normal situation.

Prime Minister, moreover, assures me that there is no prospect of counter attack by Persian troops, as none are available.

In these circumstances, I trust occupation of Mirjawa-Duzdap line by British troops may not be proceeded with and may prove unnecessary (see Government of India telegram No. 658).

The undesirability of this step except in last resort is obvious, as it would be exploited here and would almost certainly be used by Russia as a pretext for interfering directly in Khorasan or elsewhere. Considerations for which I deterred His Majesty's Government from active intervention in Arabistan last autumn apply here with equal force.

(Sent to India.)

No. 123.

*Sir P. Loraine to Vice-Consul, Duzdap.—(Repeated to Foreign Office;
Received June 5.*

(No. 139.)
(Telegraphic.)

Tehran, June 4, 1925.

YOUR unnumbered telegram of 3rd June.

Prime Minister had similar information of causes of outbreak, and asks that tribes be informed that, if facts are as represented, he strongly disapproves of and much regrets action of his local officers. He wishes tribes to submit their complaints to him by telegraph and promises sympathetic consideration.

(Repeated to India and Meshed.)

No. 124.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 103.)

(Telegraphic.) R.

Foreign Office, June 5, 1925.

MY telegram No. 93 of 22nd May: Tehran hydro-electric scheme.

Foundation Company desire to discuss matter with Millspaugh and will postpone decision till his arrival in New York. Such delay does not imply unwillingness of Armstrong-Whitworth, who are at liberty and prepared if satisfactory terms can be arranged to carry through survey alone.

No. 125.

*Sir P. Loraine (No. 45) to Government of India (Foreign Department).—
(Repeated to Foreign Office; Received June 6.)*

(No. 142.)

(Telegraphic.) R.

Tehran, June 6, 1925.

YOUR telegram No. 644 S.

Persian Government are anxious for amicable settlement by all reasonable means. Prime Minister has [omitted: telegraphed] in this sense General Officer Commanding, Meshed, and is telegraphing again at my suggestion that arrears of payment [groups omitted] undertakings to make payments regularly in future are to be given, that soldiers guilty of rape of Baluchi women are to be punished with full military rigour, and that command in Sarhad will be given to officer whom he will choose carefully himself.

Prime Minister assures me that Ali Shaikhan will be recalled. He quite concurs in Mr. Fisher's appreciation of causes of outbreak, and complains that his own people had kept him entirely in the dark regarding growing Baluchi resentment at treatment received.

He begs above all things that British troops may not be sent into Persia, and is evidently most apprehensive of effects elsewhere, as indicated in my telegram No. 140. I told him that if contingency necessitating protection of railway and British subjects is to be avoided he must place no difficulties in the way of settlement by negotiations with tribes. This he understands, and appreciates way we are helping him.

As regards Kwash, Prime Minister reserved his opinion; he thought matter could be settled when negotiation with tribal leaders began.

Please inform Fisher and Key.

(Sent to Meshed, No. 30.)

No. 126.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 6.)

(No. 143.)

(Telegraphic.) R.

Tehran, June 6, 1925.

YOUR telegram No. 99 and Geneva telegram, unnumbered, of 4th June.

I have made energetic representations, and Persian Government will to-day telegraph desired instructions to Persian delegate.

(Sent to Geneva.)

[E 3437/89/34]

No. 127.

Sir P. Loraine to Mr. Oliphant.—(Received June 8.)

My dear Lancelot,

Tehran, May 23, 1925.

HEREWITH copy of a letter from Wickham at Meshed which, I think, will interest you, especially as a commentary on the position in Khorasan, which has lately had some unpleasant developments. The new Persian General Officer Commanding, as you will see, is proving very energetic.

Yours ever,

PERCY LORAINÉ.

Enclosure in No. 127.

Consul-General Wickham to Major Beresford, Army Headquarters, Simla.

(Secret.)

My dear Beresford,

Meshed, April 21, 1925.

I SEE that Thompson has been considerate enough to close the summary during his absence, so perhaps I had better give you the news in demi-official form.

Reference my telegram of the 8th April, 1925, and connected correspondence.

On the 16th April two Russians, Samsamov and Peratov, arrived from Askabad and on the 18th left for Tehran, in company with Trakpanov, by motor car.

Rasulzada is reliably reported to be identical with Jafarzada, who was with Wassmuss.

Abdul Kadir, the editor, has been arrested by Jan Muhammad (Amir Lashkar), and as a result of his cross-examination by the usual Persian methods the formation of two Communist committees has been disclosed and Jan Muhammad has got hold of ten Russian-made bombs. He told me that he hoped to learn a good deal more in the course of the next few days.

Russo-Afghan Affairs.

It is reported that 15,000 poods of munitions, including two aeroplanes and telegraph material, have arrived at Kushik. This is confirmed to some extent by the efforts of the Afghan consul here to raise *fourgons* for its transport to Herat. He has failed to obtain the *fourgons*, but has hired 200 camels which recently came here from Herat with wool.

A further consignment of 15,000 poods is reported to be expected at Kushik in a fortnight's time.

On the 16th April General Karalov and Colonel Hussainov left for Herat in a Russian consulate car. Karalov is reported to have been a lieutenant-colonel in the old Russian army at the time the Russians bombarded the shrine, when he was made chief of military police here. Nothing particular is known of Hussainov, who is reported to be a Caucasian. These two officers are supposed to be proceeding to Herat to act as instructors to the Afghan army.

Persian Army.

I find that Jan Muhammad is an old friend of mine and we had an interesting conversation the other day. He told me that he found this division in a deplorable state, that there were not six officers who were fit for commissioned rank, and that the staff of organisation was practically non-existent. He thinks the Eastern division is at least three years behind the troops at the capital.

He brought a nucleus of officers and non-commissioned officers with him from Tehran and is now working desperately hard to get things into some sort of shape. His methods are forceful and direct and he has fairly put the fear of God into his officers and men. He wields practically all the authority here—even the municipality has been put under his control. His methods of dealing with Bolshevik propaganda seem to be little less direct than his methods of instilling discipline into his troops (he has fifteen officers in gaol), and, according to all reports, he does not hesitate to subject the luckless Serdar of Bujnurd to the most merciless beatings in the endeavour to extract confessions from him.

He has just issued a general order to this effect:—

"Officers of the army, road guards ('amnieh') and police are strictly forbidden to frequent the Russian club or to have any intercourse with foreign nationals. Anyone disobeying this order will be punished and dismissed the service."

It is satisfactory and rather surprising to note that this tiger does not appear to be at all unpopular locally, except amongst the intriguers and malcontents, who are shivering in their shoes. Just at present the political situation seems to be satisfactory. The obsequies of Khalisi, the mujtahid who was expelled from Irak, afforded a great opportunity for an anti-British outburst, but the funeral orations seems to have been singularly lacking in any offensive references to us.

Yours sincerely,
E. T. R. WICKHAM.

[E 3341/89/34]

No. 128.

Mr. Lindsay to Mr. Austen Chamberlain.—(Received June 8.)

(No. 430.)

Sir,

Constantinople, June 2, 1925.

THE Persian Ambassador called on me a few days ago to ask if I could give him any news of the Turkoman movement in Northern Khorasan, and I communicated to him some of the intelligence in Sir P. Loraine's recent telegrams, taking care not to give it an alarmist tone. Sayyid Sadik Khan said that the events now taking place were extremely serious; he feared they might extend throughout Northern Persia, and he had not the slightest doubt they were instigated by the Russians. Against the latter he uttered a lengthy diatribe, and he said he distrusted them all the more for having in the past felt inclinations towards them. They were, he felt sure, resolved to get rid of Serdar Sepah, on whom, in his opinion, the regeneration of Persia entirely depended.

2. There have been signs lately of considerable Turkish interest in the independence of Persia. The operations against Sheikh Mahmoud by the Irak forces have given the press occasion to suggest that Great Britain has been tampering with Persian rights in her own interest, and my French colleague, back from Angora, tells me that the Turkish authorities are feeling great nervousness about the Turkoman movement. In this connection it is worth while drawing attention to an article in yesterday's "Hakimiet-i-Mille," which is very much of a Turkish Government organ just now. The journal deplores the outbreak, and expresses the conviction that the Persian Government, which is acting with energy and efficiency, will speedily master it. All patriotic Persians should support Reza Khan's Government in this crisis. Turkey's attitude will, of course, be very normal and very correct, anxious as she is for the development of good relations with Persia. As to the causes of the movement, it is noticeable that the "Daily Telegraph" ascribes it to Russian manoeuvres. The "Hakimiet-i-Mille," on the other hand, cannot conceive why Russia should wish to engineer a revolution in Persia, even in the interests of Bolshevism, and prefers to think that the Turkoman rising in the north is merely a re-echo of Sheikh Khazal's recent movement in the south.

3. The tone of the article is interesting. It does not mind suggesting vaguely that the Turkoman movement may be due to British manoeuvres; it displays extreme reluctance to offend the Russians, and at the same time it makes it quite clear that revolutions in Persia directed against the present Persian Government would be regarded with the utmost disfavour here.

4. I am sending a copy of this despatch to Sir P. Loraine.

I have, &c.

R. C. LINDSAY.

No. 129.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 8.)

(No. 145. Confidential.)

(Telegraphic.)

Tehran, June 7, 1925.

I ASKED Prime Minister yesterday where we stood as regards settlement of debt question. I feared that matter would be lost sight of during his tour and regretted absence of any reply to my [group omitted] 11th April.

His Highness said latter was due to dilatoriness of Minister of Finance, whom he would galvanise. As regards settlement, he had chosen his moment for putting the matter through Majlis and had decided on his line of action. Moment was not quite ripe but very soon would be, and I need have no anxiety.

No. 130.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 8.)

(No. 146.)

(Telegraphic.) R.

Tehran, June 7, 1925.

I HAD long conversation with Prime Minister yesterday about Sarhad and Baluchistan. He will certainly make no difficulties about any settlement with tribesmen, and evidently considers that General Officer Commanding, Meshed, now has sufficient authority and latitude to make one.

He appreciates fully influence which our officers have over tribal leaders, and said he would like to recognise openly great value to Persia of their friendly mediation. The day would come before long when he could do so, but at present it was not advisable. He therefore begged most earnestly that even at some personal sacrifice they should keep their good offices as much as possible in the background, giving the appearance of a direct negotiation between tribal leaders and Persian Government through General Officer Commanding, Meshed, and above all that any direct intervention on Persian soil should be avoided, and even that risks should be faced in order to avoid it (see my telegrams Nos. 140 and 142). He feels most strongly that such intervention, however materially justifiable, would gravely jeopardise his and my labours during the past three years in the cause of Anglo-Persian friendship and understanding.

I quoted telegram No. 5 I.R. to show him that Keys and Fisher were actually doing what he wished, and added that British troops had been told to stand fast at Dal Bandin; a prompt settlement would, I trusted, allay his anxieties as well as ours.

I then advised his Highness as a matter of sound policy as well as of expediency to make generous settlement with Taj Muhammad Khan and Juma Khan and their people and thereafter treat them as we had done; in this way I thought he would secure their neutrality, and even, maybe, their co-operation against Doust Mohammed when the moment came to break latter, as it inevitably must.

Prime Minister said this advice was most valuable; he felt sure that it was sound, and he would follow it. He told me that his firm intention was to tackle Doust Mohammed in the autumn of this year.

General Officer Commanding, Meshed, would be responsible for operations, and he would be most grateful if, before operations began and after present difficulty was settled, Keys for choice, or another local experienced British officer, could meet General Officer Commanding, Meshed, quietly either at Meshed or near Sarhad if more convenient, tell him which were white sheep amongst tribes and which black, and generally give him advice regarding policy and action.

I trust that Government of India will sanction such a meeting, and that they and his Majesty's Government will do all in their power to avoid active British intervention on this side of the frontier.

I see no objection whatever to suspension of railway traffic until settlement of present dispute is reached.

Will Government of India kindly transmit to Keys and Fisher?

(Repeated to Meshed, No. 31. Sent to India.)

[E 3391/3391/34]

No. 131.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 258.)

Sir,

Tehran, May 15, 1925.

I HAVE the honour to transmit herewith copies of correspondence on the subject of the death of Sheikh Muhammad Mehdi-ul-Kazvini-ul-Khalisi.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 131.

Consul-General Wickham to Sir P. Loraine.

Sir,

Meshed, April 21, 1925.

SHEIKH MUHAMMAD MEHDI-UL-KAZVINI-UL-KHALISI died suddenly on the night of the 5th March, of heart failure.

By order of the Aghazadeh the bazaars were closed for two days, and all Persian Government Departments, the Soviet Union consulate and trade department and the Afghan consulate were closed for a similar period.

On the 6th March the bier, attended by a concourse of some 15,000 people, was carried to a garden outside the city, where the ceremony of washing the body was performed. Thence the procession proceeded to the shrine, where the body was interred within the sacred precincts. These ceremonies were attended by the ulama, Government officials and notables, M. Apresov being present at the washing of the body.

A mourning meeting, convened by the Governor-General, was held in the shrine on the 6th and 7th, in addition to which there were numerous other mourning meetings, including one convened, at the instance of M. Apresov, by the Soviet Union Manommedan community and one convened by the Afghan consul.

From his arrival in Meshed at the end of December 1923 up to the 21st March, 1924 (the Persian New Year's Day), Sheikh Mehdi-ul-Khalisi enjoyed great prestige as one of the four most eminent living ulama of the Shiah faith. He confined himself to religious matters, and though his companion Malik-ul-Muhakkikin constantly delivered anti-British diatribes from the pulpit and was generally known to be in the pay of the Soviet Union consulate, Khalisi himself was careful to maintain, outwardly at least, a perfectly proper attitude towards such mundane affairs.

But early in 1924 he allowed himself to be enticed into the political arena, and on the 23rd February, 1924, the "Shark-i-Iran," in an extraordinary issue, published over his signature a sacred religious order commanding the faithful to observe the new year festival as a day of mourning, since it was improper to rejoice at a time when the holy shrines of Islam were in the hands of her enemies and their sacred soil was being trodden "by the hoofs of the foreigners' horses."

This order received the support of but one mujtahid, Haji Sheikh Murtaza Ashtiyani. The remainder, headed by the astute Aghazadeh, who has always regarded Khalisi as a cuckoo in the nest, hastened to avail themselves of the magnificent opportunity of discrediting him afforded by the fact that the anniversaries of the birth of Hazrat-i-Mehdi and of the death of Abbas Effendi, the Bahai leader, happened to fall that year on New Year's Day. On the evening of the 21st they held a grand reception at the mosque of Gauhar Shad, the streets were brilliantly illuminated and, while the populace indulged in frenzied rejoicings, the rumour was freely spread abroad that Khalisi was a Bahai and that the real object of his decree was that the anniversary of the death of Abbas Effendi should be observed as a day of mourning. This misrepresentation sounds grotesque even for Persia, but it will be recollected that at that time anti-Bahai feelings were running very high.

This incident went far to undermine Khalisi's prestige, and he seems bitterly to have regretted his ill-advised action. It was not until eight months later that he again appeared in the limelight, addressing a telegram to the sheikhs of Khuzistan proclaiming a holy war against the Sheikh of Mohammerah and issuing a manifesto urging the Persian Government to reduce Khuzistan to the status of an ordinary province and not to brook any foreign intervention in their dealings with Sheikh Khazal.

He appears to have done this at the suggestion of the Serdar Sepah, who wished to create an opportunity for publicly contradicting current rumours to the effect that

his negotiations with Sheikh Khazal were being conducted through His Majesty's Legation.

In January of the present year he addressed telegrams to the Prime Minister making enquiries in regard to certain concessions said to have been recently granted to the "foreigner" in Khuzistan, and warning him not to recognise the unlawful Government of Irak.

A few weeks later he executed an extraordinary *volte-face*, for, as reported in my predecessor's telegram No. 13, dated the 16th February, his son, Khalisizadeh, informed Colonel Haworth that his views, and those of his father, had undergone a profound change, and that, if permission were granted to them to return to Mesopotamia, they were prepared to work openly in favour of the British. It is not unlikely that at this time Sheikh Mehdi, whose health was failing, had fallen completely under the influence of his son, whose plastic views appear to have undergone a further profound change, for he is now working in close touch with M. Apresov.

On the 6th instant the Russian consul-general issued a mourning notice, a copy and translation of which form enclosures to this despatch, which was scattered broadcast through the bazaars by servants of the notorious Shahzada Murtaza Mirza and seems to have evoked a certain amount of ironical merriment at the expense of its author and a marked degree of resentment. For the issue of such a notice, coupled with the attendance of M. Apresov, an Armenian, at the ceremony of washing the body, are regarded by the people of Meshed not as an expression of sympathy, but rather as a maladroit and ill-timed attempt to exploit the death of an eminent ecclesiastic for political purposes.

Moreover, these activities will only serve to undermine the prestige of Khalisizadeh by giving publicity to his association with the Soviet Union consulate.

I took no official action on hearing of the death of Sheikh Mehdi, for it seemed likely that even a formal letter of condolence addressed to the Aghazadeh would be construed as an act of hypocrisy and might give rise to hostile comments in the press. Moreover, this seemed to afford an opportunity of indicating quietly that our political morals are on an entirely different plane from those of the Soviet Union. The staff of the consulate-general were, however, instructed to maintain in their social intercourse a strictly correct attitude of regret appropriate to the death of a religious leader.

It is satisfactory to note that throughout the mourning ceremonies the speeches, the general tenor of which was religious and pan-Islamic, were singularly lacking alike in hostile criticism of British policy in general and in offensive references to the events in Irak, in which the deceased divine had played so prominent a part.

A copy of this despatch is being forwarded to the Government of India.

I am, &c.

E. T. R. WICKHAM, Captain.

NOTICE.

(Translation.)

On the occasion of the sudden death of his Eminence Agha Haji Sheikh Muhammad Mehdi-ul-Khalisi, the Soviet Union consulate-general wishes to express its sympathy and condolence with the priests and especially with Agha Sheikh Muhammad Khalisizadeh. As an expression of sympathy in this sad event, the above consulate and the Soviet Union department of trade will be closed to-day and to-morrow (Monday and Tuesday), and subjects of the Soviet Union are also enjoined to take part in the mourning by stopping all work on these two days.

APRESOV,

Soviet Consul-General in Khorasan.

Enclosure 2 in No. 131.

Sir P. Loraine to Consul-General Wickham.

Sir,

Tehran, May 15, 1925.

I HAVE received and read with interest your despatch of the 21st April reporting the death of Sheikh Muhammad Mehdi-ul-Kazvini-ul-Khalisi and the circumstances which attended his obsequies.

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I approve your attitude and the instructions issued to your staff on that occasion, as therein reported.

I am, &c.
PERCY LORAINÉ.

[E 3393/136/34]

No. 132.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received June 10.)

(No. 265.)

Sir,

Tehran, May 19, 1925.

THE prevention of free communication between myself and the Sheikh of Mohammerah, shortly after his Excellency's arrival in Tehran on the 10th instant, gave rise to an incident, fraught with consequences of a serious character, of which I had the honour to acquaint you by my telegram No. 110 of the 12th May with the occurrence and the satisfactory settlement.

It is necessary to place you in fuller possession of the facts than was possible in a telegraphic message. The exact nature of the occurrences is fully described in the accompanying copy of a letter which I addressed to the Persian Prime Minister on the 11th May, and this narrative requires no amplification. As will be seen later on, however, I resumed possession of this letter.

The refusal to admit my messenger and my Oriental secretary to the house in which the sheikh is lodged, the pretensions put forward by Reza Khan that my intercourse with the sheikh was subject to his permission, and the disposition shown by his Highness to go back on the assurances recorded in my despatch No. 236 of the 7th May, 1925, and all this coming on top of the sheikh's arrest during my absence in Shiraz, naturally gave birth to serious misgivings in my mind as regards the sincerity of Reza Khan's whole behaviour in this matter. I therefore decided to take up the challenge which had been flung at me, and to fight the issue, which had only two possible solutions: either the attainment of full satisfaction, or a rupture with Reza Khan. I made up my mind, failing the satisfaction which I considered due, to lay the circumstances before you by telegraph and, pending the receipt of your instructions, to refuse to receive or visit any Persian Minister or Government official. The possible consequences of this course were obvious; it would mean the destruction of the basis on which my relations with Reza Khan and the Persian Government rested, and grave prejudice to the prospects of settling several important questions now under negotiation with the Persian Government, notably, of course, that of the debt to His Majesty's Government, which I regard as a pivotal question. I felt, however, that the affront put on His Majesty's Government and myself was too serious to pass unchallenged, and I therefore preferred to stake my personal position with the Persian Government on the issue.

Not long after Mr. Havard's return from the Prime Minister's house, Daoud Meftah (formerly Meftah-es-Sultaneh) called to see me with a mission from his chief, the Minister for Foreign Affairs, ostensibly, at all events, to expound to me the anxieties of the Persian Government as regards the situation in Khorasan. When this interesting subject of conversation had been exhausted, Daoud Meftah said he understood that an interview with Reza Khan had been arranged on the following morning, the 12th May, for Mr. Hodgson, and enquired, rather casually, whether it was my intention to accompany him to his Highness's house. I replied that, in view of what had occurred during the afternoon, I should certainly not think of doing so. Daoud Meftah then said that Moshar-ul-Mulk and he had heard of the incident, and were seriously dismayed at it. It so happened that, just before Mr. Havard's visit, the Prime Minister had received bad news of a reverse at the hands of the Turkomans near Bujnurd and of the loss of some of his officers; this had upset him and made him very nervous, and he had doubtless spoken to Mr. Havard in a manner which he would not have employed at a calmer moment; he therefore hoped that, with my knowledge of the Prime Minister's impetuous temperament, I would take a lenient view of his behaviour and pass the matter over.

I told Daoud Meftah that I felt quite unable to pass the matter over, and that, on the other hand, I should require a written apology from his Highness and a categorical assurance regarding the complete freedom of my intercourse with the sheikh by whatever channels I thought fit. The action of the guards at the sheikh's

house, who were under the Prime Minister's orders, was unheard of in Persia, and this direct defiance of my privileged position as His Majesty's representative in Persia could not be tolerated. It was, moreover, quite peculiarly inappropriate in view of my special position towards the sheikh, and of the friendly assistance which I had lent to the Persian Government, under your instructions, in reaching a peaceful and equitable solution of the Arabistan imbroglio of 1924. I reminded him that, even when Naser-ul-Mulk in 1908 had been arrested by Mohamed Ali Shah himself, no one had dreamed of questioning the right of Mr. Churchill to visit him in his place of confinement under the instructions of His Majesty's Chargé d'Affaires of the time, now Sir Charles Marling. I requested Daoud Meftah to discard from his thoughts any ambiguity whatever about the gravity of the view which I took, or about my fixed determination to obtain satisfaction and the ample vindication of the dignity of His Majesty's Government. I not only authorised Daoud Meftah to repeat to the Prime Minister and the Minister for Foreign Affairs the language which I had used, but also begged him to reproduce it as textually as possible. Furthermore, I gave him some notes indicating the form of apology and assurance which I was prepared to accept.

Another interview was sought by Daoud Meftah the same evening, and two more on the following day. These need not be recounted in detail, as they were the development of the first interview. It became apparent that the Prime Minister saw the necessity of giving me satisfaction, but wished to get out of it as cheaply as possible. The draft of a letter for his Highness's signature was submitted to me, but I was unable to accept it. Meanwhile I had drafted the letter which forms Enclosure 1 in this despatch, and I handed a signed Persian text thereof to Daoud Meftah for delivery to Reza Khan. I added that this letter must be shown to him, in order that he should realise fully what was at stake; if thereafter I received the apology and assurances which I demanded, I would take back the letter so as to leave as little trace of the incident as possible; if not, the document must remain in his Highness's archives.

In the course of the forenoon of the 12th May a further draft letter was brought to me. This I was likewise obliged to reject. With Mr. Havard's assistance, I redrafted it, handed the revised edition to Daoud Meftah, and told him that it represented the literal minimum of my requirements. Shortly after luncheon Daoud Meftah brought me the signed letter from the Prime Minister framed in the exact wording of my redraft. A translation of this letter forms Enclosure 2 in this despatch. I thereupon declared the incident closed and took back my letter of the previous evening.

Daoud Meftah then said he had been given to understand that the Prime Minister would be gratified to receive an invitation to an official dinner party which I was giving on the following evening, the 13th May, in honour of Mr. Hodgson and Mr. O'Malley, and to which the Minister for Foreign Affairs, the high officials of the Persian Foreign Office and all the heads of diplomatic missions, with the exception of the Soviet Chargé d'Affaires, had been bidden. Neither the humour nor the significance of this peculiarly Oriental type of olive branch were lost on Mr. Havard or myself. I at once replied that it would give me the greatest pleasure to entertain his Highness among my other friends, and forthwith issued him an invitation, which was promptly accepted. The dinner was followed by a reception, which was attended by a large number of Persians of high standing and position and by practically all the members of the Diplomatic Corps except the Russians. In this way the seal was set on the reconciliation, and the more firmly by the genial cordiality of the Prime Minister towards myself and all the members of the Legation.

Storms in a tea-cup are often more dangerous in Persia than storms on an ocean. I regret that the necessity for this trial of strength arose, but I am convinced that it was unavoidable in the circumstances. Issue was joined in order to uphold not only British dignity, but also the British position in regard to the Sheikh of Mohammerah; both have been successfully vindicated, and I feel sure that this result will influence favourably the final settlement of the sheikh's affairs. One may perhaps give Reza Khan the benefit of the doubt and believe that there was no deliberate intention on his part to curtail my freedom of intercourse of the sheikh; but, even so, his apparent disposition to control it and his negligence to provide for its freedom were equally objectionable. This being so, the matter became a test case, which had to be fought out. Our tactical positions were sound and our moral position impregnable. We won, but we must give some credit to Reza Khan for his wisdom in giving the satisfaction which I demanded and for the entire absence of resentment

which has since marked his demeanour. It argues a great measure of self-control in a man so jealous of his personal position and prestige as the present Prime Minister.

A copy of this despatch is being sent to the Government of India, to His Majesty's High Commissioner at Bagdad, to His Majesty's consul-general at Bushire and to His Majesty's vice-consul at Ahwaz.

I have, &c.
PERCY LORAINÉ

Enclosure 1 in No. 132.

Sir P. Lorainé to Reza Khan Pehlevi.

Dear Prime Minister,

May 11, 1925.

THIS morning I addressed a letter of welcome and congratulation on his safe arrival in Tehran to Sheikh Khazzal of Mohammerah. This letter was taken by one of the Legation gholams to the house in which Sheikh Khazzal is lodged. This gholam informs me that he was not permitted to deliver the letter by the guards stationed at this house, who informed him that no correspondence was allowed to reach the sheikh without being censored by the Ministry for War.

The case is aggravated by the fact that the refusal was maintained, after reference to him, by the officer on duty. The disrespect towards my uniformed messenger was therefore deliberate.

On hearing of this, I directed Mr. Havard to take this letter himself and deliver it to the sheikh, on whom he was instructed to call on my behalf. To Mr. Havard admittance and the right to deliver the letter was likewise refused.

Mr. Havard immediately found me and reported the circumstances. I may add that the officer commanding the guard, Colonel Majd-i-Lashgar, declined to speak himself with Mr. Havard, although two messages were sent requesting him to do so. I thereupon directed him to call on your Highness personally, considering it hardly credible that your Highness should endorse the actions of the Persian military referred to.

Mr. Havard was to explain to you my indignation at the refusal of your subordinates to give free passage, firstly, to my official messenger, and, secondly, to my personal and official representative. He was also to point out that the sheikh was under strict arrest, and that this was contrary to your assurances to me that he would be free in Tehran, and not under appearance of being under arrest or restraint.

Your Highness thereupon said (1) that neither I nor my representatives were free to visit his Excellency the Sheikh of Mohammerah or communicate with him without obtaining your previous permission; (2) that you had given us no assurance in regard to the sheikh being free in Tehran.

The refusal to admit my uniformed messenger and my official representative I regard as a slight placed upon my Government and myself as its representative, which demands a written apology. I cannot admit that any restrictions should be placed on the free movements of myself, my representatives or my official servants, and your suggestion that I should obtain anyone's previous permission is utterly unacceptable and derogatory to the dignity of a foreign representative, and I require a positive assurance of perfect freedom in this respect.

As regards your Highness's assurance concerning the sheikh's liberty, I entirely support and maintain the language used to your Highness by Mr. Havard this afternoon; I may add that the assurances you gave me at our last interview have been placed on record in a report to His Majesty's Government.

Enclosure 2 in No. 132.

Reza Khan Pehlevi to Sir P. Lorainé, dated 22 Orde Behesht 1304 (May 12, 1925).

(Translation.)
(Compliments.)

AS regards the prevention of Mr. Havard, your representative, from meeting Sheikh Khazzal Khan yesterday, which matter has caused your Excellency some annoyance, I have the honour to say that, owing to a change in the arrangements for guarding the sheikh, I omitted to issue special instructions to the effect that there

was to be no hindrance to the coming and going of representatives of, or messengers from, that Legation, and, had I known of Mr. Havard's intention of meeting the sheikh, I would, of course, have given special orders that there should be no hindrance. I now express great regret at this occurrence, and I assure you that there will be no hindrance or difficulty either for you yourself or your Excellency's representatives in meeting Sheikh Khazzal Khan.

REZA.

[E 3394/3394/34]

No. 133.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received June 10.)

(No. 266. Very Confidential.)

Sir,

Tehran, May 16, 1925.

I HAVE the honour to inform you that His Majesty's Chargé d'Affaires at Moscow and Mr. O'Malley arrived in Tehran on the 8th May from Russia via Bander Pahlavi (lately Enzeli) and left again on the 14th May via Tabriz on their return journey. Their visit to Tehran was free from any incident and there was no undesirable comment in the local press.

From all points of view the visit has, I think, been beneficial. I have myself profited very greatly from the conversations which I was able to have with Mr. Hodgson and Mr. O'Malley, and feel that my general knowledge of conditions and tendencies in Russia, and of the British attitude towards them, has been most usefully supplemented. The effect as regards the Persian Government has, however, been more important. I was able to arrange for Mr. Hodgson to have two informal interviews with the Persian Prime Minister, and it is already clear to me that they have made a considerable impression on his Highness.

I beg leave to transmit to you herewith a summary of the first conversation, which was dictated by Mr. Hodgson before his departure. The second one took place on the evening before he left, and I likewise enclose a note by Mr. Havard, who was present, recording its gist.

I am sending a copy of this despatch to the Government of India and His Majesty's High Commissioner at Bagdad.

I have, &c.
PERCY LORAINÉ.

Enclosure 1 in No. 133.

Summary of Mr. Hodgson's First Interview with Reza Khan, May 13, 1925.

HIS Highness asked how I regarded the position on the northern frontier. I asked what events had taken place. He replied that the Turkomans were coming down in force from across the border, that they were under the Red Flag and were threatening Meshed. To my question whether he was convinced that the Russians had a hand in the matter he stated that his reports gave him every reason to be convinced that this was so. I said that there had been every reason to anticipate events of the kind. The division of territory in Russian Central Asia on ethnological lines had as one of its objectives penetration into neighbouring countries and Persia, Afghanistan and Chinese Turkestan were likely to be subjected to the process. Tribal sympathies with the population on the Persian side of the frontier were to be utilised for effecting gradual infiltration leading up to an extension of Soviet territory. On the Persian side the Turkomans were to be instruments; in Afghanistan the Uzbeks. Not only was this intention made clear by the utterances of Bolshevik writers, but precisely similar procedure was followed in other directions. In Mongolia a measure of success had been attained, for a Soviet Republic has been set up there; in Bessarabia the newly created Moldavian Republic—formed in Russian territory—is designed to attract Roumanian Moldavia into the Soviet orbit. Reza Khan stated that his information entirely confirmed what I had said, and he added that the Russian policy of to-day represented a real danger for the countries menaced. As for the incursion of the Turkomans into Persian northern territory, this must be made by force of arms. I said that, apart from military measures, it seemed to me that the danger might be combated effectually by economic

means; the best method of strengthening the frontier regions against the insidious advance from across the border was surely a policy which would ensure to the threatened regions mutual prosperity such as would render their inhabitants little likely to yield to the temptations offered by Bolshevik propaganda. As far as my information went—his Highness was, of course, infinitely better acquainted with the position in Central Asia than I—the conditions prevailing in Russian territory at present were far from being such as to attract neighbouring populations in Persia and elsewhere to throw in their lot with them. As far as I can gather, commercial depression, the chaos in the newly formed republics and the Governments which have been arbitrarily set up are far from being popular, except perhaps in the case of the Kirghiz, who seem to be particularly impressionable by Bolshevik influence. Reza Khan said that, in spite of the efforts made to undermine them, the Persians were not at all inclined to come under Bolshevik influence, and he added that the attitude of the Communist party towards the Mahometan religion was in particular the cause of resentment. I mentioned that, in discussing this matter, the Afghan Minister in Moscow had expressed a similar conviction in regard to his own people. Reza Khan turned to the internal position in Russia and asked how it stands now. I said that conditions were undoubtedly improving. The country, after years of war, civil war and famine, had been reduced to an extremely low economic level; but recuperative forces were working gradually, with the result that a better state of affairs certainly existed now than was the case a year or two ago. Reza Khan submitted that the stronger Russia became, the greater the danger she presented to her neighbours. Her policy to-day differs in little from that of Tsarist times, but it is now more cruel and more repressive, though proclaimed under new mottoes. I expressed agreement. As to the future, I said it would be rash to make any predictions, for in Russia all prophecies were liable to be upset. At present, in my opinion, the most important factor at work is the growth of independence among the peasantry. These constitute 100,000,000 of a population of well over 130,000,000, the urban proletariat which claims dictatorship being comparatively insignificant in numbers. Yet the Communists insisted that the workers of the towns alone shall govern, and are only prepared to accept the peasants at the best as allies who must obey the orders given to them. Against this state of affairs the peasants are chafing ever more and more, and as their position becomes stronger as a result of the restoration of agriculture in the country, their influence is continually increasing. When they enabled the Bolsheviks to come to power they were promised land and their proper share of government, but in fact they have no political power whatsoever, for the elections to the local Soviets are made a farce, being merely the instrument through which the Communist party exercises its domination over the countryside. Unrest provoked by the powerlessness of the peasant class to govern its own affairs has taken a form recently which has compelled the Government to yield and to cancel the recent elections which have taken place throughout Russia. New elections have been held at which the peasants have been able to secure a considerable share of representation. Now that the door has been opened a little everything would point to the overwhelming idea of the peasantry pushing it open wide. The natural outcome of this process should be little by little, the proletarian dictatorship would be engulfed, and such an issue is to be hoped for by all those to whom a militant Russia constitutes a menace. The Russian people are mainly of a pacific character, and a vast peasant Russia would be a danger to nobody. Yet it could hardly be hoped that the Communist party will submit to a process which must inevitably bring about its downfall, for to yield its ascendancy to the peasantry would mean its disappearance. The party is an extremely strong and well disciplined organisation, and as to their strength it is wise to have no illusions. But it is a phalanx liable to decay as a result of disruptive forces within—it is no longer so formidable now that it has not got to fight for its existence. And the fallacies on which it is based are being one by one exposed as events develop and prove them impracticable. Thus the Communist State originally projected is already a myth, and however unwilling the party is to admit the failure of its doctrines, and however anxious to return to its original tenets, it is all the time fighting with circumstances which are too strong for it. As to what the eventual course of events will be I hesitated to give a prediction, but I expressed the opinion that the process of disintegration which has already set in must follow its normal course, and the monolith, as the Communists call it, must be subjected to a process of erosion which will bring about its destruction in due time. Reza Khan asked how it was that the people of Russia submitted for so long to so tyrannical an organisation. I said it was natural, for in the chaos which followed the war of revolution the Communists alone of all the

warring political parties in Russia knew what they wanted, and were prepared to adopt the most ruthless measures in order to achieve their object; once in the saddle and with an army at their disposal and all the means of communication in their hands, it was not difficult for them to maintain themselves in power, and in order to secure themselves they had put into use all the methods of defence which terrorism and repression supplied. And the country was so terrorised that any kind of resistance to the party was out of the question. Now, as far as could be seen, there is indeed—except the possibility of collisions with foreign countries or extraordinary internal distress—no likelihood whatsoever of any group arising in Russia which could seriously threaten the supremacy of the Communists.

Enclosure 2 in No. 133.

Summary of Mr. Hodgson's Second Interview with Reza Khan, May 13, 1925.

THE Prime Minister expressed a desire for a further short conversation with Mr. Hodgson in case the latter had not had time to tell him everything of importance in the previous interview.

Mr. Hodgson told his Highness that he had nothing further of any importance to communicate, but that, if the Prime Minister had any point in his mind which was not clear, he would be happy to answer any questions which the Prime Minister wished to put. His Highness replied that he had fully understood everything that had been said, and immediately turned to the Turkoman question, saying he was convinced that the Soviet was at the bottom of the movement, and that the inception of the Turkoman Republic was no isolated example of the manner in which the Soviet Government was now conducting propaganda against neighbouring States. Mr. Hodgson reminded his Highness of the example which he had given of the Moldavian Republic and the utterances of Bolshevik writers concerning the reason for the division of certain parts of Russian territory on ethnological lines.

Reza Khan said that these movements have to be watched very closely, and he would have instructions sent to the Persian representative in Kabul to report closely on the repercussion in Afghanistan of the formation of the Uzbek Republic.

After a few more general remarks, he thanked Mr. Hodgson for his most interesting information, and said he would telegraph to the Persian representative in Moscow to work in close co-operation with Mr. Hodgson and to show him his reports and discuss them with him.

(Initialled) G. T. H.

[E 3395/2099/34]

No. 134.

Sir P. Loraine to Mr. Austen Chamberlain, (Received June 10.)

(No. 267.)

Sir,

Tehran, May 20, 1925.

I HAVE the honour to inform you, with reference to your despatch No. 169 of the 15th April, that I telegraphed on the 21st March to His Majesty's High Commissioner at Bagdad that the Persian Government had accepted the submission of the Vali of Pusht-i-Kuh, and had sent an officer to present him with a sword of honour and invite him to return to his country. I suggested that, if the Vali asked for advice, he might safely be recommended to return.

Having heard no more of the matter, on the 1st May I enquired of His Majesty's consul at Kermanshah whether he had any definite news of the return and reinstatement of the Vali, and I have now received a reply to the effect that Mr. Cowan had been unable to obtain confirmation of the fact until the 4th May, when he did so from a Persian who had been to see the Vali. A copy of his despatch is enclosed herein.

This is a further important step in the reconciliation and establishment of good understanding between the Prime Minister and such chieftains in the south and south-west of Persia as have enjoyed special friendship with His Majesty's Government.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 134.

Consul Cowan to Sir P. Loraine.

(No. 22.)

Sir,

Kermanshah, May 6, 1925.

WITH reference to your telegram No. 12 of the 1st May, I have the honour to inform you that I heard reports some time ago to the effect that the Vali had returned to Pusht-i-Kuh and had been reinstated, but I was unable to obtain confirmation of the report until two days ago, when a Persian who has been to see the Vali confirmed it.

The Vali has moreover had a sword of honour conferred on him by the Prime Minister, and seems to have arranged his affairs with the military.

I have, &c.

N. PATRICK COWAN.

[E 3397/84/34]

No. 135.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 270. Confidential.)

Sir,

Tehran, May 20, 1925.

I HAVE the honour to inform you that I have twice recently discussed the tariff question with Colonel MacCormack, one of the American advisers.

Colonel MacCormack fully realises the highly unsatisfactory position created by the differentiation of tariff in north and south. He resents the manner in which the Russians are treating Persia in this question and in many others, and he expressed his determination—while conscientiously disclaiming any desire to favour British commerce—to do all that lay in his personal power to create equality of treatment for all nations, both as regards customs dues and transport charges. But the tariff was the crux of the question, and he thought himself it would pay us to be rather easy-going as regards modifications of the tariff, as, if only uniformity were attained, our superior knowledge and powers of organisation would rapidly put us in a far stronger position than the one we occupied now. It is interesting to note that this conclusion is approximately the same as was reached at a discussion on the subject with Sir H. Llewellyn Smith at the Board of Trade which I attended in London last year.

Colonel MacCormack went on to express the opinion that, if the present situation were allowed to perpetuate itself, Russia would obtain complete control of Persian trade in the north, and even perhaps as far south as Hamadan, Kermanshah and Isfahan, with deleterious results for Persia. He asked whether it would be possible for His Majesty's Government to bring any pressure to bear on the Soviet Government to settle this matter, and thought that we could thus render Persia a very considerable service and ourselves also. The Persians were afraid of violent Russian action, and they themselves would have much greater confidence if they felt that His Majesty's Government were directly helping them in the solution of this difficult and really important question.

I replied that I was unable to see what more we could do than we had done to help Persia. We had shown the utmost patience, and had done everything in our power not to embarrass Persia in reaching a satisfactory settlement. In the past I had even gone so far as to suggest, privately and tentatively, to the Persian Government the possibility of moving His Majesty's Government to demand a reversion to the 1903 tariff in order to place a lever in Persian hands for their negotiation with Russia, but the suggestion had been negatived by the Persians themselves. I thought, and felt sure, that my Government were of the same opinion—that direct British action on Russia was out of the question; we had no *locus standi* as regards Russia, and I doubted whether we had any levers. The question was one between Persia and Russia on the one hand, and between Persia and ourselves on the other. I did not see how we could fight Persia's battle if she shirked the issue herself. It, however, Colonel MacCormack was able to suggest any way not already attempted and short of the action which he had outlined in which we could help the Persians over the style, he could be certain of its receiving the most sympathetic consideration.

Colonel MacCormack admitted the force of my arguments, and said that he fully recognised how friendly and helpful our attitude in this question had been; so, he added, did the Persians.

I then remarked that in my view the Persians must really grasp the nettle; they should tell the Russians that if by a certain date, say four or five months hence, the negotiations, in which they had exhibited the utmost spirit of conciliation, were not concluded on a mutually satisfactory basis, the customs officers would be ordered to collect the 1920 dues on goods of Russian origin, and the ratification of the commercial convention signed with Russia last year would not be proceeded with. Colonel MacCormack said that was undoubtedly the proper way to act, but he wondered whether the Persians could be brought up to the scratch. Some messages which he had recently received that morning from the Prime Minister—the nature of which he did not reveal to me—led him to hope that they might be.

I suspect that the message referred to may be the result of a brief conversation which I had with Reza Khan on the 13th instant, when he was my guest at dinner. I told his Highness that the tariff question was becoming more and more serious, legitimate Persian interests were being held in contempt by the Russians, and the concrete result was that Persia was being defrauded of an annual revenue of approximately 1,000,000 tomans. I hoped, therefore, he would see his way to bring matters to a head. Our trade was suffering, and we could not put up with that indefinitely. On the other hand, if the matter was not taken firmly in hand, Persia would shortly find Russia claiming a prescriptive right to a lower tariff. Reza Khan said he fully agreed with me and would see to the matter. He added that the moment was a well-chosen one for energetic action; Persia was being subjected to every kind of annoyance by her northern neighbour, and it was time that she took a firm stand on her undoubted rights and legitimate interests.

It only remains to hope that these brave words will be translated into acts.

I am sending a copy of this despatch to the Government of India, to His Majesty's High Commissioner, Bagdad, and to His Majesty's consul-general at Bushire.

I have, &c.

PERCY LORAINÉ.

[E 3400/323/34]

No. 136.

*Sir P. Loraine to Reza Khan.—(Received in Foreign Office, in Tehran despatch No. 277 of May 21, on June 10.)**Tehran, May 20, 1925.*

My dear Prime Minister,

AT the request of the Indian Government, I recently addressed a note to his Excellency the Minister for Foreign Affairs protesting against the transgression of the frontier by a raiding party of Damani tribesmen, who crossed into Mekran and attacked Parom; the military attaché also had some conversation on the subject with the Chief of the General Staff. I have received a further telegram from the Government of India, from which it appears that there is considerable danger of further disturbances. It is reported that a tribeswoman has been outraged by Persian soldiers and that in consequence the Ghamshadzais, Rekis and Yar Mohammedzais have threatened a rising of the whole Sarhad if the culprits are not punished with death, and it is feared that the Damanis may begin by another and bigger raid into Mekran.

Of course I quite realise that in present circumstances it is necessary to concentrate most of your forces and attention on the north, but it is my duty to draw your attention to the situation and to remind your Highness that the maintenance of railway communication, a matter of great economic importance to Persia, is dependent on the stability of your Government's control in the Sarhad and in Persian Baluchistan.

I should therefore be glad to learn whether your Highness can assure me that the matter is receiving sufficient attention.

PERCY LORAINÉ.

[E 3402/89/34]

No. 137.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 280. Confidential.)

Sir,

Tehran, May 21, 1925.

I HAVE the honour to acknowledge the receipt of your telegram No. 91 of the 20th May, and, with reference to its last paragraph, to inform you that I have been very careful not to hold out any prospect of active British assistance in the event of a Russian attack on Persian territory, nor, indeed, to discuss whether or how any British assistance could be given in any such eventuality.

My attitude in conversation, both with the Prime Minister and the Minister for Foreign Affairs, has been to emphasise as strongly as possible the domestic aspect of the present difficulties and the desirability of Persia meeting them with her own resources. I have deprecated any public suggestion, at any rate unless supported by verifiable facts, that the occurrences which are causing anxiety to the Persian Government are due to Russian inspiration, however much the Persian Government may be persuaded that they are. I have further expressed the view that this is a critical moment, not because the situation is intrinsically very dangerous in its present state of development, but rather because it is likely to become, both in Persia and in countries abroad which take an intelligent interest in Persian affairs, the test of the capacity of the Persian Government, as well as of the resolve, on which stress has so often been laid, to manage their own affairs and keep order in their own house. In Persia, it seems to me, a Government which was devoting a very large proportion of the national revenues to purposes of national defence might not unjustly be criticised if their measures of defence proved inadequate to protect the peaceful inhabitants of the country from arson, pillage and rape at the hands of a set of marauding tribesmen; abroad, on the other hand, people would watch with some anxiety to see whether the very Government which insisted so strongly on the national sovereignty and on the complete freedom from outside interference in internal affairs was both willing and able to shoulder the responsibilities which those claims committed them to bear. I argued from this that the prestige of the Government and even its *raison d'être* were being challenged, and were likely to be put to the proof in the present emergency. Resolute action would vindicate them and would also call what I believed to be a Russian bluff. Failure or irresolution would react unfavourably on the position of the Government both at home and abroad.

Both the Prime Minister and the Minister for Foreign Affairs listened with marked attention to the considerations which are summarised above. The former admitted the truth of my remarks, and said it was his fixed intention to act energetically and treat the question as a domestic one. He fully recognised the undesirability, especially for Persia herself, of its acquiring an international aspect, but expressed profound mistrust of Russian motives. He was confident that Persia could cope with the situation with her own resources, so long as the Russians did not directly aid the insurgents; if they did, then Persia's resources might prove inadequate and he would be faced with a situation which, even if an unlikely one, would be of a gravity that could not be ignored. In that case he would be compelled to turn to us; he would avoid that contingency as long as possible, and hoped it might never arise.

I asked his Highness whether this statement was for my own consumption or whether he intended it for my Government. He said he wished me to communicate it to you. In these circumstances I agreed to make the communication, but I added that it was not possible for me to discuss a hypothetical and, in my opinion, a very improbable situation. If, however, a situation of the kind he had in mind did arise, it would be time enough then to hold a consultation, subject to any instructions I might receive from His Majesty's Government. His Highness said that this was quite plain to him and perfectly reasonable.

It will perhaps show the foregoing conversation even more clearly in its true proportions if I add that Reza Khan began by expressing the opinion that His Majesty's Legation was inclined to underrate the seriousness of the present situation; whereas I was careful to say that any remarks of mine were merely the fruit of my own reflections, which might be of some service to the Persian Government, and that there was a strong desire on the part of His Majesty's Government not to do anything which might embroil Persia with Russia.

My object has been to give the Persian Government all the encouragement I could to stand on their own legs, to stimulate their faith in their own ability to handle the

matter, and to indicate the safest basis on which to treat it. I am persuaded that the attitude which I recommended is the one most consonant with Persia's own interests, best calculated to confound any schemes which the Russians may be nurturing, and least likely to involve His Majesty's Government in any unwelcome responsibilities or undesirable commitments.

I have, &c.

PERCY LORAINÉ.

P.S.—I am sending a copy of this despatch to the Government of India and to His Majesty's High Commissioner at Bagdad.

P. L.

[E 3417/701/34]

No. 138.

Sir P. Loraine to Mr. Oliphant.—(Received June 10.)

(Private and Confidential.)

Tehran, May 21, 1925.

My dear Oliphant,

THIS letter is the natural sequence of my letter to you of the 6th February last,* and for similar reasons I am not writing an official despatch.

Dr. Millsaugh departed on leave on the 17th May. Before doing so, he sought two interviews with me in regard to the debt question. He brought me to read the report which he has made to the Persian Government on my note of the 11th April, copy of which was enclosed in my despatch No. 186 of the same date. He did not, however, feel himself entitled to leave with me a copy of this report. The main points of the report, which was a fairly lengthy one, were that the proposals of His Majesty's Government were just and considerate; that the rate of interest and sinking fund and the period of amortisation were acceptable; that the settlement of the question was desirable from Persia's point of view, and that the Persian Government would do well to close with the offer. So far, well; but the remainder pleased me less. It was to the effect that, although it would be unbecoming for the Persian Government as a debtor to attach any conditions to the payment of what they owed, there were, nevertheless, certain desiderata which might be put forward in a suitable manner to His Majesty's Government. If His Majesty's Government were prepared to meet these points, it would be of great assistance to Persia, and strengthen her position.

Now I can't remember what these desiderata exactly were in the report, they were rather involved, and I had no time to commit them to memory. But I have got them for you in a different way, and that is a draft by Millsaugh of the kind of statement which he hopes His Majesty's Government may be willing to make in some form or another, preferably by Mr. Chamberlain on the floor of the House. This is enclosed, with Millsaugh's covering note; but it is now a good deal whittled down in comparison with what he wrote in the report. The whittling is the result of my arguments and criticisms.

The desiderata in the report had one main object: to make the annuity of £180,000 we are asking a second charge on the customs and/or oil royalties, the first charge being kept in reserve for a bankers' loan, which Millsaugh clearly wishes to place *exclusively* in New York. There is, therefore, the same old tendency to which I drew your attention before, to protect hypothetical American interests, and to bring America in as Persia's principal creditor. Millsaugh says that an Anglo-American bankers' loan would suit him just as well, but it is quite clear to me that he will place a pure American loan if by any means he can, and only acquiesce in British participation if he finds he can't get the Yankee dollars except in company with the pounds sterling. He harped very much on the desirability of our removing the Persian suspicion that we wanted to establish liens on their best securities, and so keep a control over their freedom to borrow for constructive purposes. Once more I suspect him a little of wagging this bogey at us, less in order to safeguard Persia's freedom to borrow, than to secure America's monopoly to lend.

In any case I treated him very tenderly, and told him that as we did not harbour any of these sinister designs, we might be ruffled at any suggestion that we did, and hardly prepared to disclaim intentions which we did not possess. I thought it would be unwise for the Persian Government to raise any fresh points in correspondence, but if the Persian Government had any wishes we could reasonably meet, I thought it possible that the Secretary of State would be willing to make some statement to the

* No. 49.

[13550]

P. 2

effect that Persia's honourable acceptance of her obligations had made a most satisfactory impression on His Majesty's Government, that she had taken thereby an important step for the improvement of her credit, and that His Majesty's Government would, for their part, view favourably any steps which Persia took, under the able financial advice which she now enjoyed, to obtain credits in the open money market for purposes of productive expenditure and economic reconstruction, as any such development would be most sympathetically viewed in Great Britain, which is keenly interested in Persia's prosperity and well being, or any way something of that kind; the actual text would have to be carefully considered. Millspaugh's draft represents the kind of thing he would like the Secretary of State to say.

I must say that Millspaugh's idea as regards "prior liens" is not absolutely clear to me. He appears to think that if the annuity of £180,000 is charged to the oil royalties or customs, the Persian securities will be rendered *pro tanto* less attractive to lending bankers. That is clearly so; but if the annuity is to be paid regularly I don't see how you can get away from it or round it.

I remarked to Millspaugh that to put our annuity in the second rank as compared with a charge on Persian revenues not yet created, hardly seemed to me a business proposition. We were trying to settle this business matter on business lines and on remarkably liberal ones. We had reduced our claim to ease Persia's burden, but at least we wanted to know definitely that the payments would be regularly and punctually paid. I was no financier, but felt pretty certain that a banker, if confronted with the proposal which he now outlined, would immediately demand collateral security. He said that was just his point; he hoped His Majesty's Government would treat the Persian Government as friends and not as bankers, and so leave the Persian Government in a position to get the best terms they could when they went to the bankers for money. I said that was all very well, and I thought we had given abundant and tangible proof that we were behaving as friends; but, nevertheless, friends wanted their money just the same as bankers, and were equally entitled to have it. I had to look ahead also: the annuity was to run for twenty-five years; the American advisers might go between now and then; there might be some kind of set-back, and I must therefore have as firm a guarantee as possible that the annuity would be paid, and a guarantee hedged about with hypotheses would hardly be regarded as satisfactory. Millspaugh admitted the force of this, but nevertheless we seemed to have come rather to an *impasse*, so I summed up the position in this way: Millspaugh wants the surplus securities to be left as free as possible so as to raise a bankers' loan; we have no objection to this provided we have a firm undertaking that our annuity will be paid. It seemed to me that to throw a bridge between these two points of view ought not to outstrip human ingenuity. I added that in any case I thought I must wait to see what answer the Persian Government sent to my proposals (he told me the Minister of Finance had been turned on to draft one), and it was not much use meanwhile raising hares which after all it might not prove necessary to pursue. I therefore did not propose to telegraph to London; I must tell him, however, in conclusion, that my original idea that the Persian Government should reserve the right to repay the outstanding capital of the £2,000,000 at any moment after due notice still seemed to me the best and simplest solution of the point which he had raised.

This letter will prepare you for any points of the kind which may be raised. We have only dealt with the main one. The three others raised by Millspaugh are, so far as I can judge, comparatively unimportant and present no particular difficulty. There would have, however, to be some consultation between the Foreign Office and myself as regards the wording, if we get to that point.

Besides the repayment of outstanding capital there is, however, another line we can take. If the Persian Government do take up this idea of a "prior lien" for a subsequent loan (which to my lay mind seems self-contradictory) we might say: Yes, very well, provided that (as Millspaugh suggests) you don't pledge more than a third of your liquid security, and that you give the London market the option of taking up half of the loan. This would, I think, put us in a very strong position.

I don't think we should turn down Millspaugh's points; we may even turn them to our advantage; and I think there is quite a possibility of adjustment. Millspaugh is I think now genuinely anxious to have the whole matter settled, and he told me he would very much have liked to bring the Persian Government to a decision before his departure on leave.

Yours ever,
PERCY LORAINÉ.

Enclosure 1 in No. 138.

Dr. Millspaugh to Sir P. Lorainé.

May 19, 1925.

Dear Sir Percy,

I HAVE made no attempt to put my suggestion into diplomatic language, but have tried merely to make my meaning somewhat clearer.

The attached draft contains all the conditions suggested in my memorandum.

Sincerely,
A. C. MILLSPAUGH.

Enclosure 2 in No. 138.

Memorandum by Dr. Millspaugh.

HIS Majesty's Government felt that it must insist on the recognition by the Persian Government of its obligation to repay the sums which have been advanced by His Majesty's Government at various times, and His Majesty's Government has been insisting that the Persian Government should arrange with the approval of the Majlis for the repayment of its debt. His Majesty's Government is disposed to believe that the delay by the Persian Government in effecting a settlement of its debt on this account has been due to the difficult situation in Persia, which rendered it impossible for her to inaugurate any practicable measures of reconstruction and at the same time to begin the payment of claims. In order to assist Persia and to provide a tangible evidence of its desire to facilitate the work of economic development and financial reform in Persia, His Majesty's Government offered to reduce its claims from £4,549,200 to £2,000,000, with liberal provision for the amortisation of this amount. The Persian Government has accepted the latest offer of His Majesty's Government; and as a further tangible evidence of the desire of His Majesty's Government that the settlement of its claims should be so arranged that it can in no wise be construed as placing an obstacle in the way of economic reconstruction of Persia, His Majesty's Government has assured the Persian Government that it will accept an arrangement for the security and service of the debt of £2,000,000 so as to facilitate so far as possible the flotation by the Persian Government in foreign money markets of a bankers' loan of reasonable amount for purposes of reconstruction, economic development, public works, or refunding. To this end, His Majesty's Government has agreed that, if and when the Persian Government shall arrange for a bankers' loan in foreign money markets, it may give to such loan a prior lien on any customs revenues and Southern Oil royalties in excess of those pledged and necessary for the service of the present funded debt and the Imperial Persian Bank advances. This agreement has been given upon the assurance of the Persian Government that the total annual service of the debt of the Persian Government secured by the customs revenues and Southern Oil royalties, including the annuity accepted by the Persian Government for the repayment of the debt of £2,000,000, shall not be, so far as can be estimated, in excess of one-third of the customs receipts and oil royalties.

In order to show further its friendly intentions toward the Persian Government and to assist in maintaining its revenue, His Majesty's Government has assured the Persian Government that it will co-operate in a revision of the Persian customs tariff so as to provide increased customs revenue; that, so long as there are no other international obligations, it will not prohibit the acceptance by British vessels of any Persian products which are accepted by them at present for shipment from Persian ports, and finally that it will lend all proper assistance, so far as its nationals are concerned, in the inauguration and execution of fiscal measures in Persia which are not discriminatory or clearly contrary to treaty stipulations.

[E 3405/82/34]

No. 139.

Sir P. Lorainé to Mr. Austen Chamberlain.—(Received June 10.)

(No. 283. Secret.)

Sir,

Tehran, May 22, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 15 for the week ending the 16th May, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 139.

Intelligence Summary No. 15 for the Period ending May 16, 1925.

Khorasan.

1. The Russians have again cut off the water supply of the Lutfabad area, a method of pinpricking the Persian Government which they have practised for the past year.

Turkoman Situation.

2. The Turkoman situation has quite suddenly assumed a more serious aspect. On the 8th the Turkomans in force attacked the town of Bujnurd, which was held by a detachment of about 400 Government troops. Almost simultaneously, raids from boats were carried out on villages on the shores of the Caspian Sea as far west as the vicinity of Barfarush, and a raid was attempted on the Tehran-Meshed road, which was held up by military posts to the north of Mazinan.

The remarkable simultaneity of this outbreak immediately aroused in the Persian Government strong suspicions that it had been instigated by Soviet agents, and this suspicion was strengthened by reports subsequently received of the presence of Russian-trained Turkoman officers at the attack on Bujnurd. In addition to this the British military attaché at Meshed had received reports to the effect that the Turkomans were carrying red flags, that they were demanding internal independence and treatment by the Persian Government similar to that given to their fellow-tribesmen across the border by the Soviet, and that the Russian Yamuts had declared a jihad in support of the Persian Turkomans.

Reinforcements are being despatched from Tehran—the Pehlevi Regiment, with a strength of 1,600 men, 24 Lewis guns, and 8 machine guns, of which two battalions have already left for Shahrud to proceed to Meshed if required. Half of the Sangin-Aslaheh Cavalry Regiment is under orders to proceed to Shahrud for Astarabad, but has not yet left. It is also reported that units have been summoned to Tehran from the forces in South-West Persia. Two Junker aeroplanes, with German pilots, are already at Meshed.

Small reinforcements of about 150 men have also been sent from Meshed to Bujnurd.

Reports up to the date of the closing of this summary are to the effect that, although considerable damage has been done by pillaging, the Turkomans are showing little offensive spirit and have nowhere scored any material success against Government troops.

Caspian Sea.

3. The Soviet Legation has notified the Persian Government of impending manœuvres by the Caspian fleet in the vicinity of the Persian shores and has asked for hospitality for the fleet in Persian ports.

Mazanderan.

4. It is reported from Sari that the Panbehkom are offering to supply American cotton seed on the following terms:—

The Panbehkom will advance 20 tomans for every jarib of land sown. For every pood of seed he takes the cultivator will subsequently give 15 girvenkehs of cotton, and, in addition, must sell the remainder of his crop to Panbehkom at a price fixed by the latter. The cotton must be supplied intact with its seed.

The object of the last proviso appears to be to make the peasant dependent on Panbehkom for his supply of seed next year.

Gilan.

5. The result of the riot in Resht, which was reported in paragraph 5 of Summary No. 14, has apparently not been altogether to the liking of the Bolsheviks, as it has been followed by a reaction towards Islamic orthodoxy and an increase of the power of the mullahs, due to the more conciliatory tactics enjoined on local authorities by Tehran, circumstances unfavourable to the development of Bolshevik ideas.

In this connection it may be noted that a member of the Cabinet recently stated that, in his opinion, the right policy of the Government was to strengthen rather than weaken the hold of the mullahs in North Persia over the common people, as their influence would always be opposed to the spread of Bolshevik doctrines.

Azerbaijan.

6. The Tehran press announces that Simetku had returned to Persia with his family and 200 followers. He was met at Salmas by the Amir Lashkar, and, after this meeting, it is said that his followers proceeded to the locality assigned to them at Soumari.

From other information it appears possible that Simetku has come to Persia on a "safe-conduct," and that he has not yet made complete submission to the Persian Government.

7. No further developments of the frontier incident reported in paragraph 8 of Summary No. 14 have been reported. It is said that the matter is being discussed at Moscow by the Persian Minister and the Soviet Government.

8. It is reported that reinforcements amounting to about 500 have been despatched from the Faoj-i-Sepeh to Ushnu. This is probably in anticipation of trouble arising among Persian Kurds from the approach to the frontier of Kurdish refugees from the area of insurrection in Turkey.

9. Two locomotives and thirteen (the Persian press says thirty) trucks, acquired from Russia, have arrived in Tabriz for the Tabriz-Julfa Railway.

10. It is reported, but requires confirmation, that three Russian mining engineers left Tabriz in March to make a mining survey towards Kazvin and Tehran.

11. The "Rosta" states that preliminary work for the construction of a wireless station at Tabriz has been begun.

Tehran.

12. Sheikh Khazal arrived in Tehran on the 10th May and is lodged in a garden outside the city walls.

13. Prince Salar-ed-Dowleh, who has been in exile since 1919, and is now in the Irak, has asked permission to return to Persia. After a somewhat heated discussion in the Majlis, this was refused on the ground of his reactionary tendencies.

His Majesty's High Commissioner at Bagdad states that Salar-ed-Dowleh was reported to be making for the Halabja area early in May, whence, according to his own reported statement, he was intending to proceed to Persia to raise rebellion against the present Government.

14. The following sums have been provisionally voted by the Majlis for the current year in anticipation of the approval of the annual budget:—

	Tomans.
For the upkeep of railways	170,000
For repair and construction of roads	366,000

15. The Persian press announces that a proposal had been made by the Chinese to the Persian Government regarding opium cultivation, which, if put into effect by the Persian Government, would increase their revenues by 15 million tomans a year.

No details are given of this golden scheme.

16. Takizadeh left Tehran on the 15th May for Moscow.

17. The second mast of the main wireless station at Kasr-i-Kajar has now been erected, but the engine-house has not yet been constructed, and according to a statement published in the "Rosta," parts of the receiving and transmitting apparatus are still in Enzeli.

18. It is credibly reported that the Persian Government have made a contract with the Junkers Company, whereby the latter agree to supply two pilots and three mechanics for the service of the Persian War Office for a period of two years. It is probable that the pilots will be those who have been flying the Persian Government Junker machines for the past year—Mosbacher and Mobyus.

19. Information about the negotiations between the Junkers Company and the Persian Government regarding the aerial mail services is contradictory. The truth may be that the company are making a final essay to produce a scheme acceptable to the Persian Government.

20. The Persian press announces that the Government intends to reconsider the agreement whereby a monopoly of archaeological excavation was given to the French.

From other sources it is known that the Government is meditating the creation of an Archaeological Department to undertake research, as far as this can be done without infringing French rights.

21. A French operator has arrived for the French wireless installation to replace the Armenian previously employed.

22. The French military attaché states that he believes that the Soviet Legation wireless installation has not done any transmitting work for nearly a year. Previous to that his operator frequently heard the Baku station asking Tehran for repetitions, and he suggests that the cessation of transmission work is due to the fact that messages were inaudible in Baku.

23. The "Rosta" gives the following particulars of M. Yurenev, the Soviet Minister designate to Tehran.

"He is by profession a journalist, and has been a member of the Communist party since 1905. After the October revolution he became a member of the Revolutionary Military Council of the Republic. Since 1921 he has worked in the diplomatic arena: first, as plenipotentiary in Bokhara; later, as Minister in Latvia, Czechoslovakia and Italy."

24. If the reports published in the Persian press are accurate, the speech of M. Lidin, the Soviet Chargé d'Affaires, on the occasion of the first of May celebrations, followed the conventional lines of abuse of the policy of the Western Powers. He was unable to resist the opportunity of propagandising against the Sinclair Oil Company, who have now become an object of Soviet hostility.

Kazvin.

25. It is reported that the Soviet consul in Kazvin is offering to provide grain seeds and even advances of money to peasants, on condition that one-third of the crop is sold to Soviet commercial organisations.

Kermanshah.

26. The Russian engineer in charge of the erection of wireless stations in Persia has recently been to Kermanshah. It is reported that a site has been selected and work on the foundations begun, and that the erection of the installation is to begin in June.

Luristan.

27. The following official announcement is made in the press by the General Officer Commanding the Central Division:—

"I am directed by his Highness the Prime Minister to inform the public that the military operations in Kuhzestan and Luristan have been completed and order has been restored in those provinces.

"Merchants are therefore recommended to choose that route for the transport of their merchandise, as it is the shortest from Tehran to the southern coast."

His Majesty's vice-consul at Sultanabad reports that the Dizful-Khorremabad road is now considered safe for merchandise, though doubts are expressed as to whether it will remain so during the summer.

Isfahan.

28. The two tanks referred to in paragraph 20 of Summary No. 12 reached Isfahan on the 24th April, but have not yet left for Tehran owing to the insecurity of the bridges between Isfahan and Kum.

Fars.

29. The Prime Minister recently stated that he now felt confident that he could disarm the southern tribes without fighting. He referred, presumably, to the Kashgai, Bakhtiari and Khamseh.

A report from one of the Kashgai khans says that some conversations have already taken place between the Amir Lashkar commanding the Southern Division and the chiefs of the Kashgai regarding the handing in of their arms.

It is unlikely that the Kashgai will object, provided the neighbouring tribes—Khamseh, Bakhtiari and Boerahmadi—are likewise disarmed.

30. His Majesty's consul reports that 700 infantry, 70 cavalry, 11 machine guns and 2 mountain guns had arrived at Kazerun on the 5th April from Behbahan, where they had formed part of the Kuhzestan expeditionary force.

31. The Tehran press announces that Wassmuss has submitted to Government a proposal that he should be allowed to construct the Bushire-Shiraz road, and has asked for a subsidy of 10,000 tomans for this purpose.

32. The Shiraz consular escort of the 4th D.C.O. Hodson's Horse was relieved on the 31st March by the personnel of the 20th Lancers.

Arabistan.

33. His Majesty's consul at Ahwaz reported on the 13th April that all the troops in Ram Hormuz had left for Shiraz. According to a report previously received from him the strength of the detachment in Ram Hormuz was 3,000.

He also reports that a force of 200 infantry has been posted at Hamidiyeh.

34. His Majesty's consul at Ahwaz reported on the 13th April that it is apparently being realised by military officers that the activities of the Russian consul in the province are directed solely towards the creation of trouble. The result is that the tendency on their part to cultivate friendly relations with him is less marked than in the early days of the military occupation.

Persian Gulf.

35. The detachments of the 3/19th Hyderabad Regiment, forming the Persian Gulf Garrison, were relieved by detachments of the 1/16th Punjab Regiment on dates between the 12th and 18th March.

36. The captain of the Persian Government ship "Pehlevi" has recently been in Tehran, and it is reported that he has succeeded in getting sanction to a budget of 3,500 tomans per mensem for wages of the crew and the upkeep of his ship. He has now returned to Bushire.

Kerman and Baluchistan.

37. His Majesty's consul at Kerman reports in his diary of the 15th April that he had heard that the financial mission which was sent to Dost Muhammad Khan (*vide* paragraph 22 of Summary No. 12) is returning to Kerman, having failed to get any arrears of revenue from Dost Muhammad.

A new financial agent has been appointed to Bam and Baluchistan, and he is to make another effort to get something out of him.

38. It is reported that the Bam garrison will be moved to Jiruft, leaving ten to fifteen men at Bam.

39. The troops from Kerman, who proceeded to Shiraz in June 1924 for the Arabistan operations (see paragraph 24 of Summary 28, 1924), are reported to be returning to Kerman.

40. His Majesty's consul at Kerman reports that the Russian consul in Kerman has recently been making overtures to leaders of the Bahai community, and that the consul's wife and one of the consulate secretaries declare themselves to be converts.

Harvest Prospects.

41. From Khorasan, Fars and Kuhzestan it is reported that the condition of the crops is bad and a shortage of grain is inevitable. His Majesty's consul at Shiraz reports that the price of food-stuffs is already 300 per cent. more than that prevailing in March 1924.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

[E 3406/89/34]

No. 140

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 284.)

Sir,

Tehran, May 22, 1925.

I HAVE the honour to enclose copy of a despatch, No. 121/6 of to-day's date, addressed to me by the military attaché to this Legation which recounts the principal military features of the recent developments of the Turkoman situation.

[13550]

I have already communicated to you in my telegrams Nos. 107 and 108 of the 12th May my views of the probability of and reasons for Russian implication in these events, and nothing has since then come to light to cause me to modify these views.

The relief of Bujnurd will have lightened the immediate anxieties of the Government without, I hope, weakening the Prime Minister's determination to tackle the problem with vigour, but information is not yet available of the effect of this apparently signal success of the Government troops on the truculence of the Turkomans. The efforts of my Russian colleague will, I anticipate, be directed towards dissuading the Persian Government from taking any steps, such as the destruction of the semi-autonomous position of the Turkomans, which would hinder the eventual realisation of the assumed object of Russian policy in Central Asia. The Persian Government, particularly in view of the prevailing financial stringency, may thus be tempted to patch up a peace with the Turkomans which would preserve them in a situation suiting Russian policy.

I am forwarding copies of this despatch to the Secretary to the Government of India in the Foreign and Political Department, Simla, and to His Majesty's High Commissioner for Iraq, Bagdad.

I have, &c.
PERCY LORAINÉ

Enclosure in No. 140.

Major Fraser to Sir P. Lorainé.

(No. 121. Secret.)

Sir,

Tehran, May 22, 1925.

I HAVE the honour to submit the following summary of the information available to this date regarding the Turkoman situation:—

This situation, as will be apparent from a perusal of your annual report on Persia, has existed in a more or less acute form for over a year. The factors that have produced it may be sought for in some or all of the following: The predatory propensities of the Turkomans; the provocative action of the Government last year in sending a weak force from Bujnurd to Gunbad-i-Kabus, preceded by premature talk of disarming the tribes; the military weakness and inefficiency of the Government in this area, which their engagements in South-West Persia prevented them from remedying; and Russian intrigue.

The influence of this last factor is difficult to estimate on the information available. Of its existence there can be little doubt, or if its contribution to the causes of the unrest prevailing among the Turkomans during the past year.

During the first few months of the year the situation appeared to be calmer than it had been for some months, and it appeared as if the policy adopted by the Government in November of reinstating the Serdar of Bujnurd, chief of the Shadillu Kurds, who had been removed to Tehran last year, and of withdrawing their troops from Bujnurd was producing results that promised a fair measure of peace until the Government could make available the troops necessary for the effective handling of the situation. But in March the Serdar was rearrested and deported to Meshed on a charge of conspiring with the Turkoman chiefs, and Bujnurd was reoccupied by a detachment of Government troops, of which the strength was stated by the Persian War Office to be about 400. Shortly after this reports began to come in that the Turkomans were in a threatening mood. The British military attaché at Meshed had information that they had demanded that Government troops should leave Bujnurd forthwith, and a further outbreak of raiding appeared to be generally anticipated. As I reported in my despatch No. 121/1 of the 27th April, the problem began to receive the serious consideration of the Persian Government, and plans were discussed by the General Staff and the High Military Council. The Prime Minister apparently inclined to the view that only complete subjugation and disarmament could effect a satisfactory settlement; the Chief of the Staff appeared to favour blockade tactics.

But the Turkomans did not wait for the result of these discussions. Within a day or two of the 7th May they had broken out into hostile activity along the whole length of the Turkoman border from the Caspian Sea to Bujnurd. The villages on the coast were raided by parties in boats, the line of protective posts extending from Nardin via Jajarm to Sankhas was attacked, and Bujnurd was surrounded. The

General Staff at the War Office were inclined to panic, and asked for advice and permission to purchase a battery of mountain guns from the Indian Government. The Chief of the General Staff, who a short time before had refused to admit a suspicion that Turkoman restlessness was being encouraged by Soviet intrigues, appeared to have convinced himself that the movement was not only the result of Russian incitement, but was actually being directed by Soviet officers. Reinforcements of one regiment of infantry were immediately ordered to proceed to Shahrud, and it is expected that the last battalion of this regiment will have left by the 23rd. Two aeroplanes piloted by Germans were despatched to Meshed, and two of the Rolls-Royce armoured cars were ordered to proceed, but the Vickers guns being defective, owing to the lack of spare parts, their departure has been postponed until these arrive from Bagdad. Half a regiment of cavalry is under orders to move to Shahrud, but has not yet left, and it is reported that units have been summoned from the forces in South-West Persia.

Although disturbing reports continued to be received of assistance reaching the Turkomans from the Russian side of the frontier and of the participation of the Bujnurd Kurds, the Shadilly, in the attack on Bujnurd—an almost inevitable development in view of the treatment of their chief—the lack of any notable success by the Turkomans, except in the matter of looting the countryside, restored confidence to some extent. The Turkomans, true to their traditions, showed no inclination to come to grips with defended localities, nor did they dare to slip through to attack the Tehran-Meshed road, leaving a line of posts across their avenues of retreat. The situation at Bujnurd appeared serious; the defection of the Shadillu Kurds was to some extent balanced by the loyalty of the Kurds of Kuchan, but the garrison within the town was largely outnumbered by the attackers. An aerial reconnaissance was made on the 12th, which showed that the town was surrounded but that the troops were apparently well holding their own. Reinforcements of about 300 had been sent from Meshed, and on the 15th this column, after driving the Turkomans out of Chinaran, a village on the Meshed-Bujnurd road, had advanced to within 2 miles of the latter place. The detachment at Sankhas (40 miles south-west of Bujnurd) was, according to information received by the British military attaché at Meshed, ordered to advance and co-operate in an attack on the Turkomans investing Bujnurd. This attack appears to have been made on the 18th and to have been completely successful. The British military attaché reports that Bujnurd has been relieved and that the Turkomans have retired 20 miles. Aerial bombing formed a part of the operations.

This early and apparently definite success of the Government troops should go far to lessen the immediate dangers of the situation and to eliminate for the time being the possibility of an attack on Meshed. I have not yet sufficient information to enable me to forecast the future military operations of the Government. There is some evidence from secret sources that the Government have, or had, in mind a concentration at Astarabad and operations led by the Prime Minister in person.

Regarding the implication of the Russians, the following is a summary of the more important information received:—

- (a.) On the 6th April the British military attaché had reports that Soviet propaganda had created among Russian Turkomans a strong feeling of hostility to the Persian Government. The Yamuts of Soviet Turkmenistan were reported to have declared that they would either unite the Turkomans of Persia with the new Republic of Turkmenistan, or, at least, ensure that they were not molested by their own Government.
- (b.) Reports were received at the end of April from Astarabad to the effect that Soviet agents had been for some time intriguing with the Jaafarbai and Atabai Turkomans, and had succeeded in persuading a few individuals of both tribes to send a petition sealed with a large number of fictitious seals to Moscow to beg the Soviet to take over their country.
- (c.) On the 8th May the Chief of the General Staff informed me that he had reports that there were among the Persian Turkomans ex-officers of the Russian army and a number of Turkomans from Russian territory. (The British military attaché at Meshed had previous to this had frequent reports of the presence of Russian officers.)
- (d.) On the 12th May the British military attaché at Meshed had reports that the Russian Yamuts had declared a jihad in support of the Persian Turkomans, and that the latter were carrying red flags in the attack on Bujnurd.

[13550]

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- (e.) His Majesty's consul-general at Meshed has been informed by the General Officer Commanding the Eastern Division that the rebel leaders had demanded local independence, the withdrawal of Government troops and the same treatment as the Russian Turkomans receive from the Soviet Government.
- (f.) His Majesty's consul-general at Meshed reports that local opinion unanimously accepts Soviet support of the Turkomans.

Although it is unlikely that much, if any, of the above information could be proved, it appears sufficient to form the basis of a strong presumption that the Soviet is not free from guilt.

I have, &c.
W. A. K. FRASER, Major, I.A.,
Military Attaché.

[E 3407/136/34]

No. 141.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 287.)

Sir,

Tehran, May 23, 1925.

I HAVE the honour to transmit to you herewith copy of a despatch from the acting consul for Khuzistan, recording the circumstances of the arrest of the Sheikh of Mohammerah.

The information contained in this despatch does not appear to me to call for any particular comment in addition to what I have said in my previous telegrams and despatches, except that the Prime Minister has not mentioned to me the evidence of intrigues on the sheikh's part referred to at the end of the eighth paragraph of the despatch.

It is evident that Mr. Monypenny did his best to persuade the sheikh to go voluntarily to Tehran, and the event has proved that he would have been wise to accept the advice.

It appears, moreover, from this report that the Prime Minister's belief that the sheikh intended to migrate to Irak and settle there was justified.

I am sending a copy of this despatch to the Government of India.

I have, &c.
PERCY LORAINÉ.

Enclosure in No. 141.

Acting Consul Monypenny to Sir P. Loraine.

(No. 66. Confidential.)

Sir,

Ahwaz, April 23, 1925.

AS I have already had the honour to report by telegram, I delivered to his Excellency the Sheikh of Mohammerah on the 9th April, at Basra, the oral message which his Excellency Serdar Sepah had requested me to convey, urging the sheikh to pay a visit to Tehran to settle definitely the question of his properties.

His Excellency wasted no time in acquainting me with the nature and the extent of the complaints which he felt justified in making against the Persian Government, and it was not without difficulty that he was persuaded to pay heed to the suggestions now made to him on behalf of the Prime Minister. Suspicion of the Central Government had become an obsession which filled his mind apparently to the exclusion of all other ideas, and he did not appear at first to grasp the purport of the message being delivered to him. Eventually, however, he appeared to be considerably impressed, and requested a week's delay, in which to consult his family and his tribal chiefs, before giving his considered reply.

The main causes of the sheikh's attitude of suspicion appeared to have been the appointment of Sheikh Abdul Hassan, Sheikh-ul-Mashayikh, as Governor of Fellahiyeh, and the constant humiliation to which he was being subjected by the petty oppression of his personal servants and retainers. As an instance of the latter, his Excellency stated that some Persian soldiery had entered and searched his

women's quarters a few days earlier on the pretext of looking for contraband opium. His servants, he added, were continually being taken away to answer charges trumped up against them by their enemies. He no longer expected to enjoy any official standing or administrative powers, but he did expect immunity from illegal oppression and extortion, and the fact that he was now obliged to buy firewood for his own use was proof of the extent to which he, who owned such extensive landed properties, was being deprived of his rights of ownership.

His Excellency referred frequently to the appointment of Sheikh Abdul Hassan, one of his bitterest enemies, to the governorship of Fellahiyeh, a district in which his Excellency claimed special rights over the land and the tribes, and he argued that the behaviour of the military authorities in Khuzistan was such that he was compelled, however reluctantly, to think that the Persian Government still suspected him and wished to encompass his complete ruin.

At the conclusion of the interview, which was of considerable length, and in which I endeavoured to persuade his Excellency that it was only by a personal visit to the capital that his difficulties could be removed, he requested that a message be sent to Tehran promising a definite reply to the Prime Minister's proposals within a week, and expressing the hope that either the sheikh himself or his son, Abdul Hamid, would visit Tehran to settle the question of the properties.

On the 17th April I received a message from His Majesty's vice-consul, Mohammerah, stating that the sheikh wished to see me, and would come to his palace at Feiliyeh near Mohammerah for the interview. I went, therefore, to Mohammerah on the 18th, in the evening, and visited his Excellency, at Feiliyeh, at 11 A.M. on the morning of the following day. It was at once evident that his Excellency had again allowed his fears to gain the upper hand, and his attitude appeared to point to the existence of other influences which were strengthening the sheikh's decision not to go to Tehran.

His Excellency reiterated at great length his complaints against Serdar Sepah and the military in Khuzistan. He maintained that the Prime Minister's promises to him had been broken, and asserted that he could no longer place any faith in his Highness's word. His governorships, his tribes and his properties had, in turn, been taken from him. He was personally on friendly terms with the General Officer Commanding, Khuzistan, but the latter was either unwilling or unable to assist him, and there was nothing left for him to do, therefore, but to send his family to Basra, and himself to travel abroad for a few months for the sake of his health. He had recently been examined by a doctor, who pronounced him physically sound, but advised complete mental rest for two or three months. If he went to Tehran he would be worried into his grave, and in any case he had no guarantee that Serdar Sepah would ever allow him to leave Tehran again. The Persian Government could do what they wished with his properties in Persia. He himself had kept his side of the bargain, had withdrawn into his palace, was interfering in no way with the actions of the military and had not even protested against the injustice he was suffering at their hands. A journey to Tehran would mean further humiliation, and he could not go there as a suppliant to seek to regain property which belonged to him, which had been granted to him by Royal firmans, and about the ownership of which there could be no possible doubt.

I was aware that the sheikh was sending his family and his belongings to his properties near Basra, to which he had recently added by fresh purchases of land. He was reported, moreover, to be arranging the migration of his tribe, the Mubaisin, from Persia into Irak territory. I was also aware that the General Officer Commanding, Khuzistan, had received telegraphic orders from Serdar Sepah to do his best to persuade the sheikh to go to Tehran, and to offer him written guarantees, if necessary, assuring the safety of himself, his family and his properties, and that these further messages had likewise failed to reassure him. The hardening of the sheikh's resolve to avoid a visit to Tehran could therefore only be attributed either to his genuine terror of placing himself entirely within the power of the Persian Government, or to some new factor in the situation which gave him cause to hope that if he remained within reach of his tribes and his properties he might ultimately regain his lost power. That the sheikh was afraid to go to Tehran there can be no doubt. The latter motive would appear to have existed also, as I was informed by the General Officer Commanding, in a subsequent interview, that the sheikh, who professed to be on very friendly terms with him, had been indiscreet in conversation, and that the military authorities had lately obtained documentary evidence of attempts by the sheikh to commence intrigues with the tribes.

Whatever the motives which have induced the sheikh to reject the Prime Minister's proposals, I endeavoured again to persuade him that it was in his own interests that he should go to Tehran, or, at least, that he should send a suitable representative. At the end of the interview, which lasted three hours, his Excellency was in a more reasonable frame of mind, and promised definitely to send a representative to Tehran with full powers and all documents concerning his properties. He hoped that either Haji Rais or Abdul Hamid would be able to go. Meanwhile he himself had been ordered a complete rest by his doctor, and he proposed to travel for two or three months, and hoped that by that time the Persian Government would, by removing some of the causes of his complaints, enable him to feel greater confidence, in which case he would gladly go to Tehran.

I left the sheikh at 2 P.M., after refusing an invitation to stay to lunch and to await the arrival of the General Officer Commanding, from whom he was expecting a visit that afternoon.

His Excellency was arrested at about 8.30 P.M. that evening. The General Officer Commanding and two or three Persian officials had spent the evening as the sheikh's guests on his yacht the "Ivy," which was anchored off the palace at Feiliveh. Shortly after 8 P.M. a Persian gun-boat, the "Khuzistan," steamed up in the dark, with all lights out, and came alongside. About fifty troops boarded the "Ivy," arrested the few attendants of the sheikh on board, and the latter and his son, Abdul Hamid, were requested to enter a motor-boat, which left immediately for Haffar, whence they were taken by car to Ahwaz. The next morning the General Officer Commanding accompanied the sheikh and his son by car to Dizful. It is reported that the party will proceed by caravan to Khorremabad and thence by car to Tehran.

The news of the arrest of the sheikh and his son caused a disturbance in the sheikh's palace, where his armed Arab retainers, reinforced by a number of Arabs who had come in from the neighbouring villages began to fire at the "Ivy" and later to fire at random in the palace buildings, where they looted what they could find. The arrival, some two hours later, of Abdulla, one of the sheikh's younger sons, restored order. There were apparently no casualties and no serious harm had been done.

News of the arrest and the subsequent events did not reach me at His Majesty's vice-consulate, Mohammerah, until the following morning, when I immediately sought an interview with the local Persian authorities, who gave assurances that they had made every arrangement to maintain order and security, and that Abdulla had been appointed to look after the sheikh's interests at Feiliveh, and that he had guaranteed that there would not be a repetition of the disturbance of the preceding night.

Subsequent orders received from the General Officer Commanding that Abdulla should leave immediately for Ahwaz were cancelled at my request as it appeared advisable that he should remain temporarily at Feiliveh to maintain order among the sheikh's Arab followers.

I have, &c.
R. G. MONYPENNY.

[E 3412/86/34]

No. 142.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 294.)

Sir,

Tehran, May 23, 1925.

I HAVE the honour to inform you, with reference to my despatch No. 128 of the 13th March, that the Majlis on the 19th May passed a Bill sanctioning the engagement of twelve new members for the American Financial Mission. The debates have lasted some time, several objections having been raised to certain financial clauses in the contracts, but the Government and the American advisers appear to have obtained satisfaction on all essential points, and the Bill was finally approved by 71 out of 95 votes, after a few unimportant amendments had been accepted.

My despatch No. 15 of the 8th January, 1922, showed that the mission was then composed of ten members, with an eleventh on the way. Certain alterations have occurred in the list since then: Dr. Bogart, Mr. Early and Mr. Pearson have left, and one or two have been added—e.g., Dr. Ryan, in charge of the municipality, who,

however, died about two years ago, and Mr. Jones, who has been employed chiefly at Tabriz. The present measure will bring the numbers of the mission up to sixteen, some of those at present on the list retiring from service. I understand that Dr. Millsbaugh, Colonel MacCormack, Mr. MacCaskey and Major Hall will remain.

A translation of the law, just received, is enclosed herein.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 142.

Law for the Employment of American Financial Agents, dated Ardebehesht 29, 1304 (May 19, 1925).

(Translation.)

Article 1. The National Consultative Assembly empowers the Minister of Finance, in accordance with the proposal made by the Administrator-General of Finance in Persia, to employ American citizens who are technical experts and have the necessary qualifications, for three or five years to serve in the Ministry of Finance as assistants to the Administrator-General.

These assistants will be employed on the following conditions and their contracts will begin three weeks before they arrive in Persia:—

1. One person as Accountant-General at a salary 10,000 dollars per annum.
2. One person as special assistant to Administrator-General at 8,000 dollars per annum.
3. Eight persons for other services, each one at 7,500 dollars per annum.
4. One person as shorthand writer at 3,000 dollars per annum.

Art. 2. The Ministry of Finance and the Ministry of Public Works are empowered jointly to engage by contract one person for agriculture. The person engaged must have the necessary technical qualifications and be a citizen of the United States of America, and the Agricultural Department of the United States of America must vouch for his technical qualifications in agriculture.

His years of service will be from three to five years, and his service will count from three weeks before his arrival in Persia, and his yearly salary will be 10,000 dollars.

Art. 3. The Persian Government must provide houses and necessary furniture for each employee for the whole of the period of contract. If the employee hires his house and furnishes it himself, he will receive 20 per cent. extra on his total annual pay.

Art. 4. All the above-mentioned American employees will be responsible to the Administrator-General and under his orders, excepting the agricultural expert, who will, in matters pertaining to agriculture, be responsible to the Ministry of Public Works, and in matters connected with the Crown lands, be responsible to the Administrator-General.

Art. 5. The Financial Adviser will employ the above-mentioned employees—with the exception of the agricultural expert—in positions in which their employment appears most necessary and which are the most suited to their special technical knowledge. He can change them from one employment to another without any increase of salary.

Art. 6. The 25,000 dollars is set aside for the travelling expenses from America to Persia of all these twelve employees, and that sum must not be exceeded.

Art. 7. When any of the above-mentioned employees undertakes journeys in Persia for their official business, they will be paid the necessary ordinary travelling expenses, and if they are sent to serve in unhealthy places they will benefit by an increase of salary on the scale laid down in the Civil Service Law.

Art. 8. If the Persian Government does not wish to renew the contract of any of the above-mentioned American employees who are engaged under the provision of the present Bill, it should give notice in writing through the Administrator-General six or three months previous to the termination of the contract of the employee concerned. If this notice is not given in the foregoing manner, and if the employee himself does not inform the Persian Government in writing six or three months before the end of his contract that he wishes to terminate his service, his contract will automatically continue for another year. At the end of that year the contract will definitely end.

Art. 9. Each of the employees engaged under this Bill is entitled to one month's leave in each year on full pay. He is allowed to accumulate leave up to a limit of four months for the total time of his contract.

Art. 10. The salaries of the American employees engaged under this Bill will be paid on the 15th of each month at the fixed rate of 1 dollar equals 1 toman.

Art. 11—(a.) Each American employee engaged under this Act should produce a medical certificate of fitness.

(b.) Each of the above-mentioned employees who, for reasons of health, is compelled to return to his native land and resign from the service of the Persian Government, will receive return journey expenses on the same scale as when he joined for service.

(c.) Each of the above employees who, by reason of ill-health, absents himself from his work, and that absence lasts three months more than the period of leave which the employee has up to that time accumulated, the Persian Government can, with the consent of the Administrator-General of Finance, cancel his contract, and if at that time the employee is still in Persia, the Persian Government will pay his return journey expenses on the same scale as when he joined for service. If the employee's illness lasts longer than the period of leave to which he is legally entitled, the Persian Government will not pay him more than two months' pay.

Art. 12. The American employees engaged under the provisions of this Bill are amenable to the other provisions of the Act of the 23rd Agrab, 1301, regulating the employment of foreign subjects.

Art. 13. If one of the American employees resigns from his position without any plausible reason, or if he should fail in carrying out or neglect his duties, the Persian Government can, on the recommendation of the Administrator-General, cancel his contract, and in that case the employee will only be entitled to pay for the actual period of service in addition to the period of legally acquired leave. His return journey expenses will not be paid.

Art. 14. The Ministry of Finance is empowered to add an article to the contract of each employee engaged under this Act to the effect that the Persian Government, on the proposal of the Administrator-General, can at any time annul the contract of any of the above employees by paying six months' salary and the return journey expenses. This article will not include employees coming under articles 11 and 13 above.

Art. 15. Any differences of opinion, other than on the definition of authority, which arise between the Persian Government and any of the employees engaged under the present Act during the period of contract and which cannot be settled amicably, will be referred to arbitration. The Minister of Finance and the employee will each nominate one or two arbitrators, who will choose the presiding arbitrator. If the arbitrators are unable to agree on the presiding arbitrator, the latter will be chosen by the Minister of Finance and the Administrator-General.

Art. 16. Each American employee must undertake to abstain from interfering in matters political and religious, and is not allowed to work for personal profit.

The above-mentioned employees must have no correspondence with foreign officials.

Ratified in session of the 29th Ardebehesht, 1304 (19th May, 1925).

[E 3054/110/34]

No. 143.

Foreign Office to India Office.

Sir,

Foreign Office, June 10, 1925.

I AM directed by Mr. Secretary Chamberlain to transmit to you herewith a copy of a despatch from His Majesty's Minister at Tehran,* in which the future policy of His Majesty's Government in regard to railway construction in Persia and kindred matters is examined.

2. Mr. Chamberlain proposes, in the first instance, to mention the matter confidentially to a representative of the Anglo-Persian Oil Company in order to ascertain the likelihood of the Persian Railways Syndicate—in which the Anglo-Persian Oil Company are the principal participants—being prepared to participate with the Standard Oil Company in the sense mentioned by Sir P. Loraine. Before doing so, however, Mr. Chamberlain will be glad to hear whether the Earl of Birkenhead entertains any objection thereto.

* No. 113.

3. I am to add that eventually if any doubt is felt by your Department about the general line of policy, Mr. Chamberlain will be prepared to ask for a discussion at the Committee of Imperial Defence. He is of opinion, however, that the result of a preliminary confidential enquiry of the Anglo-Persian Oil Company as suggested above, will be of general benefit as showing whether co-operation with the Standard Oil Company is feasible.

4. A similar letter is being addressed to the Colonial Office, War Office, Admiralty, Air Ministry, Treasury and Board of Trade.

I am, &c.

LANCELOT OLIPHANT.

No. 144.

Sir P. Loraine (No. 46) to Government of India (Foreign Department).—(Repeated to Foreign Office; Received June 11.)

(No. 148.)

(Telegraphic.) R.

Tehran, June 10, 1925.

KEYES'S telegrams Nos. 10 and 11.

Prime Minister left for Tabriz, 8th June. Persian Chief of the General Staff told me this morning that General Officer Commanding, Meshed, has full powers to settle tribesmen's grievances and can be in no doubt on that point; also that, arrival of Ruhullah Khan in time being doubtful, Major Hall has been deputed to negotiate on behalf of General Officer Commanding, Meshed.

I fear that proposals in second paragraph of Keyes's telegram No. 10 are open to serious criticism on the ground of settled policy of His Majesty's Government in Persia. Persian Government would most certainly object to any settlement between themselves and Persian subjects being "approved" or some of its stipulations being "guaranteed" by a foreign Government. In this they would unquestionably be supported by Majlis and by popular opinion on the ground of incompatibility with national sovereignty.

On general considerations, it seems to me that tendency of Keyes's proposals is to re-create for us direct commitments in Persia, which we recently shed, and from which it is policy both of His Majesty's Government and Government of India to disencumber themselves.

Another point is that proposed payments from customs would be against Treasury law and would be most unlikely to receive approval of Majlis or American advisers, whereas payments by General Officer Commanding, Meshed, or his local agent would come from Ministry of War funds, which are uncontrolled. With Hall as negotiator there should be no difficulty in securing adequate financial guarantees for tribesmen.

In my opinion it would be injudicious to place before Persian Government proposals outlined by Keyes; it is certain that no decision would be taken in the absence of Prime Minister, and good disposition with which Persian Government are now receiving our advice would be dissipated. Moreover, we have now got to very satisfactory situation of a local negotiation with Hall on Persian side, who is well acquainted with all details, and with our special position in the matter and with our own experts on the spot and in close and friendly touch. We should only hamper Hall by starting direct negotiation in Tehran, and far the most satisfactory method, in my view, is for Keyes and Fisher to arrange with him proposals which he should submit to Meshed—if necessary, *ad referendum* to Tehran—both for settlement of present grievances and for future security of mutual interests in regular and undisturbed operation of railway. In this way we ought to secure substance of what we require without chasing illusive shadows or raising bogies in Tehran. Lastly, we must not, I think, condemn Persians on one failure, even if a conspicuous one. Language of Prime Minister reported in my telegram No. 146 is encouraging, and if operations against Doust Muhammad in the autumn mature, it is all the more important for us to be free of commitments. I fully understand that conditions of transition stage are most trying for Indian Baluchistan, but nevertheless I strongly deprecate departure from principles which dictated our withdrawal from Shuster two years ago or any measures tending to involve us again.

Please inform Keyes.

(Sent to Meshed, No. 32.)

[13550]

R

No. 145.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 11.)

(No. 150.)

(Telegraphic.) R.

Tehran, June 11, 1925.

MAJLIS passed law for compulsory military service, with certain exemptions, age 21, period two years with the colours, twenty-five years active and reserve.
(Sent to Bagdad.)

No. 146.

Sir P. Loraine (No. 48) to Government of India (Foreign Department).—(Repeated to Foreign Office; Received June 12.)

(No. 152.)

(Telegraphic.) R.

Tehran, June 11, 1925.

MY telegram No. 148 and Keyes's telegrams No. 10 and No. 11.

No claim has been made yet by His Majesty's Government on Persian Government in respect of Tump raid of 1921.

By Mr. Lindsay's letter of the 25th October, 1923, I was told to make no claim without instructions, and none have been received since.

In these circumstances, I doubt wisdom of making claim at this date.

I have likewise received no instructions to claim compensation for Parom raid. Action taken here was reported in my despatch No. 233 to Secretary of State for Foreign Affairs.

The principle of making deductions from allowances paid to tribes in the event of future transgressions of frontiers might, however, usefully be discussed in local negotiations with Hall. If recommended by him and General Officer Commanding, Meshed, it would quite probably be adopted here.

Please inform Keyes and Fisher

(Sent to Meshed, No. 35.)

No. 147.

Sir P. Loraine to Sir W. Tyrrell.—(Received June 12.)

(No. 153.)

(Telegraphic.)

Tehran, June 11, 1925.

YOUR telegram No. 100 arrived corrupt, and I have only now got accurate text.

During Prime Minister's absence I fear nothing useful possible. If final proposals likely to be ready in a month, would it not be better to defer representation till then? I think that informal discussion with Prime Minister would be the best first step. He will certainly ask me what will be the advantages for Persia. Can you enable me to answer this question?

Have any analogous arrangements been made with other countries which could serve as a model?

[E 3504/110/34]

No. 148.

War Office to Foreign Office.—(Received June 12.)

(Secret.)

Sir,

War Office, June 12, 1925.

I AM commanded by the Army Council to refer to your letter of the 10th June, 1925, on the subject of the future policy of His Majesty's Government in regard to railway construction in Persia.

The council see no objection to Mr. Chamberlain's proposal in the first instance to mention the matter confidentially to a representative of the Anglo-Persian Oil Company in order to ascertain the likelihood of the Persian Railways Syndicate being prepared to participate with the Standard Oil Company in the sense mentioned by Sir P. Loraine.

I am to add that the council consider that the question of the general line of policy is one that might with advantage be considered at a later date by the Committee of Imperial Defence.

I am, &c.

B. B. CUBITT.

No. 149.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 12.)

(No. 153 [sic]. Secret.)

(Telegraphic.)

Tehran, June 12, 1925.

YOUR telegram No. 101.

Present position is that Persian Government have made during the last few days their first definite proposals to Junker, namely, 41,000 tomans per annum subsidy, plus 2,000 tomans per month for carriage of postal matter on line Enzeli-Bushire only. Offer just telegraphed Berlin for consideration. Main doubt here is whether the terms will be regarded there as financially feasible. There is no mention of a monopoly in Persia in offer, and Persian Government seems disinclined to throw in an extra line, e.g., Tehran-Khanikin, as proposed by Junker.

Source of my information is German Minister, recently returned from Berlin, who understands our point of view pretty exactly as expressed in your telegram and finds it reasonable.

Monopoly idea originated in telegram from German Chargé d'Affaires arising out of some conversation. German Minister considers it was loose talk.

No. 150.

Sir P. Loraine to Sir W. Tyrrell.—(Received June 12.)

(No. 154.)

(Telegraphic.) R.

Tehran, June 12, 1925.

YOUR telegram No. 110 and Geneva telegram No. 220.

I have now ascertained that difficulty is due to despatch of independent instructions (a) from Minister for Foreign Affairs to Persian delegate, (b) from Ministry of War to General Habibullah Khan. Also to wish expressed by Prime Minister before his departure that general should supersede Prince as Persian delegate, and his general instructions that Persian Government should themselves undertake surveillance in Persia, Persian Gulf and Gulf of Oman.

Persian delegate persists in informing his Government that Persian Gulf is in prohibited zone. Cabinet is nervous of taking decision without instructions from Prime Minister, but under pressure from me they have sent telegram to Geneva, substance of which is contained in my immediately following telegram.

Cabinet wishes to know urgently limits of (a) prohibited zones, (b) maritime zones. Furthermore, they do not understand the term "high seas." They still seem to think there will be some impediment to passing arms purchased by Government through maritime or prohibited zones, and Persian delegate seems unable to apprehend the difference between the two kinds of zones.

I have explained the matter over and over again. Persian Foreign Office understand and are ready to fall in with our views; General Staff and other Ministers, fearful of displeasing Prime Minister, refuse to be convinced. I had explained matter thoroughly to Prime Minister before his departure, and have sent him urgent telegraphic appeal through acting consul, Tabriz.

Could British delegate explain matter to the two Persians at private interview?

(Sent to Geneva, No. 14.)

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No. 151.

Sir P. Loraine to Sir W. Tyrrell.—(Received June 12.)

(No. 155.)

(Telegraphic.) R.

Tehran, June 12, 1925.

FOLLOWING sent by his Government to Persian delegate at Geneva:—

"With help of Habibullah Khan you should find a way of getting over difficulties so that divergence of views between you and British delegates may be put right. You should remember that smuggling of arms by small vessels is very easy and is very harmful to Persia."

(Sent to Geneva, No. 15.)

[E 2993/8/34]

No. 152.

Foreign Office to Treasury.

Sir,

Foreign Office, June 12, 1925.

AS the Lords Commissioners of His Majesty's Treasury are aware, the Secretary of State for Foreign Affairs has had under consideration proposals for placing the service of lights and buoys in the Persian Gulf on a self-supporting financial basis.

2. As the result of inter-departmental discussions, at which their Lordships were represented, arrangements have been made, with the concurrence of the shipping interests concerned, for the levy at Basra and Abadan of light dues on vessels using the Persian Gulf, and it is estimated that these dues will produce revenue sufficient to defray the entire cost of the service, with the assistance of a sum of £5,000 a year which it has been agreed should be contributed from Government funds during the first five years of the operation of the new agreement.

3. The question now arises whether this contribution should be paid entirely from Imperial funds or should be shared equally between Imperial and Indian funds. The latter procedure would follow the analogy of the method by which the cost of the service has hitherto been met, but the Secretary of State is of opinion that the former course is now more equitable, on the ground that no direct contribution from Government funds would have been necessary or would have been agreed to but for the fact that it was found expedient to insist that Government vessels should be exempted from the payment of light dues in the Persian Gulf as in home waters.

4. I am accordingly directed to propose that for five years from the date of the inauguration of the system of dues the contribution of £5,000 a year should be paid from Imperial funds to the Government of India, who will remain responsible for the administration and finance of the service. This proposal is made, however, subject to that Government being willing to agree to meet, pending eventual recovery from the proceeds of the light dues, any future excess of expenditure over revenue amounting to not more than £5,000 a year.

5. A copy of this letter has been sent to the India Office, with a request that the Secretary of State for India will endeavour to secure the consent of the Government of India to the arrangements proposed, should their Lordships also concur therein.

I am, &c.

L. OLIPHANT.

[E 2993/8/34]

No. 153.

Foreign Office to India Office.

Sir,

Foreign Office, June 12, 1925.

WITH reference to your letter of the 22nd ultimo, and subsequent discussion between representatives of the India Office, the Foreign Office and His Majesty's Treasury, I am directed by Mr. Secretary Chamberlain to transmit, for the consideration of the Secretary of State for India in Council, a copy of a letter which has been

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addressed to His Majesty's Treasury,* relative to the contribution to be made from Government funds to the cost of maintaining the service of lights and buoys in the Persian Gulf under the new system of light dues.

2. Subject to the consent of the Lords Commissioners, it is proposed that Imperial funds shall provide the whole of the contribution of £5,000 a year for the first five years after the inauguration of the dues, provided that the Government of India will agree to defray, pending eventual recovery from the proceeds of the dues, and future excess of expenditure on the service over revenue, amounting to not more than £5,000 a year.

3. I am to express the hope that the Government of India will consent to this proposal, which has the practical advantages of removing the necessity for prior consultation between the two Governments on the subject of projected expenditure, and for the subsequent adjustment of complete accounts in detail, requirements which could not be avoided in the event of the Imperial Government being asked to contribute any sums in addition to the proposed annual grant of £5,000. On the basis of existing estimates, it would appear that there is little risk of any liability falling upon the Government of India, under this proposal, in respect of excess of expenditure over revenue.

I am, &c.

L. OLIPHANT.

No. 154.

Sir P. Loraine (No. 37) to Consul-General, Meshed.—(Repeated to Foreign Office; Received June 13.)

(No. 156.)

(Telegraphic.) R.

Tehran, June 12, 1925.

YOUR telegram No. 57.

As message from Keyes to General Officer Commanding, Meshed, conveyed in former's telegram to you No. 18, conflicts both as regards substance and procedure with views expressed in my telegram No. 148 to Foreign Office, I assume that Keyes drafted it before receiving my telegram through Simla. You should therefore refrain from delivering it to General Officer Commanding.

Please repeat Keyes.

(Sent to Simla, No. 49.)

No. 155.

Sir P. Loraine (No. 50) to Government of India (Foreign Department).—Repeated to Foreign Office; Received June 13.)

(No. 157.)

(Telegraphic.) R.

Tehran, June 13, 1925.

MESHED telegram No. 57 and my telegram No. 37 to Meshed.

I have explained fully in my telegram No. 148 my views in regard to proper method of handling this question compatibly with general policy of His Majesty's Government in Persia.

If the Government of India do not concur in those views, or Keyes and Fitzmaurice feel unable to act in accordance with them, matter must be laid before His Majesty's Government for a ruling.

It is, as suggested by acting consul-general at Meshed, in his telegram No. 56, most undesirable that this affair should assume an international complexion, and I think that departure from principle of using this Legation as a sole channel of communication with Persian Government or its responsible officials is dangerous.

(Repeated to Meshed, No. 39.)

* No. 152.

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No. 156.

Sir P. Loraine (No. 16) to Consul, Tabriz.—(Repeated to Foreign Office; Received June 14.)

(No. 159.)

(Telegraphic.) R.

Tehran, June 13, 1925.

PLEASE convey following message to Prime Minister from me:—

"I hasten to congratulate your Highness on successful conclusion of agreement with tribes of Sarhad Baluchistan and have strong hope that situation will shortly again become normal.

"Your Highness will doubtless agree that great credit for fortunate result is due to far-sighted policy and sense of justice of your Highness's commander of Eastern Division, Sartip Jan Mohammed Khan.

"Were your Highness in Tehran, I should have liked to discuss with you question of future security of railway from Mirjawa to Duzdap. It is a most important question for us both, but pending your return here I think it would be useful if Sartip Mohammed Khan could be instructed by you to exchange views informally on this question with British consul-general, Meshed, so that by the time your Highness returns to Tehran the Sartip may be able to give you his views and make recommendations on that most important question, and we may be able to make some arrangement whereby future security of railway will be assured. Please let me know whether you agree to send him orders, in which case I will myself give necessary instructions to consul-general.

"Sincere greetings."

(Sent to Foreign Department, Delhi, No. 159, and Meshed, No. 40.)

No. 157.

Sir P. Loraine (No. 16) to Consul London (Geneva).—(Repeated to Foreign Office; Received June 16.)

(No. 161.)

(Telegraphic.) R.

Tehran, June 15, 1925.

YOUR telegram No. 5.

Following for Lord Onslow:—

"No reply yet from Prime Minister.

"Persian Government will telegraph to-morrow morning to Arfa asking definitely what he does want, seeing that Persia and her territorial waters are outside prohibited zone and that Persian Government can themselves import what arms they require.

"Persian Foreign Office imagine that Habibullah Khan is trying to claim Persian Gulf as practically Persian waters and wants to evade admission that British ships of war have the right to search Persian vessels there. They suggest that if claims could be remodelled so as to confer specifically equal rights of search, that would satisfy Habibullah's narrow mind and would give him opportunity to claim a harmless victory. You may perhaps be able to arrange something on these lines."

[E 3271/1566/34]

No. 158.

Memorandum communicated to Italian Embassy.

THE Foreign Office have received the memorandum of the 30th May of the Italian Embassy regarding the Treaty of Friendship, Commerce and Navigation between Germany and Persia, signed on the 11th June, 1873.

2. So far as His Majesty's Government are aware, from information in their possession, the negotiations on the subject of the renewal of this treaty have not yet reached a definite stage, and it is not certain whether the Persian Government is unwilling to renew the treaty on account of its capitulatory clauses or on account of the commercial conditions which it contains. If this latter reason furnishes the grounds for objection on the part of the Persian Government, it appears evident that the moment

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has not yet arrived when it will be practical to discuss measures for securing solidarity among the Christian Powers in regard to the general question of capitulations in Persia.

3. Should events develop in an undesirable sense and the matter cease to be hypothetical, the Foreign Office will not fail to discuss the matter further with the Italian Embassy.

Foreign Office, June 17, 1925.

No. 159.

Sir P. Loraine (No. 17) to Consul London (Geneva).—(Repeated to Foreign Office; Received June 17.)

(No. 163.)

(Telegraphic.) R.

Tehran, June 17, 1925.

FOLLOWING for Lord Onslow:—

"My telegram No. 16.

"According to telegram from Tabriz, Prime Minister says that reports from Persian delegates state that British delegates demand mandate for Persian Gulf, India, and Indian Ocean, in which case Persia would be sacrificing her rights, which he does not want to sanction. His suggestion is that Great Britain and Persia might have separate agreement for Persian Gulf apart from the conference.

"It now seems clear that if Persia's face can be saved, either as now suggested by Prime Minister or proposed in my telegram under reference, by some arrangement assuring Persia equal rights with any other Power to exercise [group undecipherable] in maritime zone adjacent to her territorial waters, matters can be satisfactorily settled.

"Please let me know as soon as possible whether anything of the sort is under consideration.

"Fearing obstinacy of Persian delegate, I am telegraphing to Prime Minister and urging Persian Government to do likewise, requesting his Highness to instruct Persians at Geneva to meet you half-way in any suggestion and to avoid a rupture.

"What is the date of plenary conference?"

[E 3599/110/34]

No. 160.

Air Ministry to Foreign Office.—(Received June 18.)

Sir,

Air Ministry, June 17, 1925.

I AM commanded by the Air Council to refer to Mr. Oliphant's letter of the 10th instant on the subject of the future policy of His Majesty's Government in regard to railway construction in Persia, and to say that they see no objection to the matter being mentioned confidentially to a representative of the Anglo-Persian Oil Company.

The Air Council trust that they will be kept in touch with any developments which arise out of any negotiations in this matter.

I am, &c.

J. A. WEBSTER.

No. 161.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 19.)

(No. 166.)

(Telegraphic.) R.

Tehran, June 19, 1925.

MY telegram to Meshed, No. 40.

Following from Tabriz, No. 16:—

"Your telegram No. 16.

"Contents were communicated to-day to his Highness, who thanks you very much for message. His Highness informed me he had already given orders and

will now repeat them to general officer commanding, instructing him to consult consul-general at Meshed in all general questions and security of railway but not in any questions relative to tribal matters, which had better be dealt with only by Persian Government."

(Sent to Meshed, No. 43.)

[E 3687/701/34]

No. 162.

Sir P. Loraine to Mr. Oliphant.—(Received June 22.)

My dear Lancelot,

Tehran, May 31, 1925.

I HAVE received your personal letter of the 12th May, and the letters exchanged between Sir O. Niemeyer and yourself enclosed therein.

This correspondence raises some questions of major importance, of which I must seek a complete elucidation; otherwise there is a danger of straying into false paths.

I can say straight away that I have never contemplated a British Government loan to Persia; I have never held out to the Persians any prospect of such a loan; I cannot foresee any circumstances in which I am likely to advocate such a loan. There is here complete agreement with Sir O. Niemeyer's views, and I think therefore we need not further discuss the question of a British Government loan.

Assistance by British bankers willing to lend is, however, a different matter, and I will turn to this.

For the rest of my argument I am going to postulate the settlement of the Persian debt to His Majesty's Government in accordance with the latter's final offer as communicated to the Persian Government on the 11th April last, and the improved value of Persian credit and securities for borrowing which will accrue from such settlement.

Now the policy which I have been endeavouring to carry out since 1921 and which to-day seems to be nearing its fruition is broadly this. To liquidate outstanding questions with Persia; to encourage Persia to manage her own affairs and to shoulder her own internal responsibilities, so long as her methods of doing either do not threaten legitimate British interests; to get clear of the internal commitments which we had inherited from the war and immediate post-war periods; to encourage the reorganisation of Persian finances and the restoration of Persian credit; and by these several means, which may be described as the negative sides of the policy, to bring about a general *détente* in the strain which has of late years characterised Anglo-Persian relations, to remove gradually Persian suspicions of our motives, and to open up the road to the positive side of the policy. The positive side of the policy is to fortify Persia economically so that she can stand more or less on her own legs, and thereby close the avenues of Russian penetration. To seek and to render possible cordial relations of mutual confidence with Persia, but not to aim at any political ascendancy over the Persian Government. That is to say, help to build up a steady and respectable Persia, without challenging Russia, but using the economic advantages which we enjoy and the Russia of to-day lacks.

Here America comes into the picture as a possible lender to and investor in Persia. Anything which America may do to stabilise Persia is to our advantage; one reservation must, however, be made, viz., that this should be done in co-operation with British interests and not in competition with them.

Sir O. Niemeyer's letter of the 27th April says, however, "in point of fact it is practically certain that market loans to Persia will not be forthcoming..." If this means that, even when Persia has improved her credit by the settlement of her debt to His Majesty's Government she will be unable to find money in the open market in London, however good the security and however sound the productive enterprise for which the capital is needed, that is a most serious matter. It would mean the abandonment of the positive and constructive side of the policy, and would necessitate a rather radical change in the attitude which I have adopted in some respects towards the Persians and the Americans. It would mean the virtual renunciation of our share in the development of Persia and the forfeiture of a position in this country which, for political reasons, we cannot possibly forgo. Sir O. Niemeyer's observation therefore strikes at the roots of policy, and it becomes necessary to know exactly where we stand.

Are the Treasury going to discourage loans from the London market to Persia in all circumstances, and even after the debt to His Majesty's Government is settled?

Are they going to block a loan by the Imperial Bank of Persia which is bound by its concession to finance the Persian Government against reasonable security?

Are they going to leave the Americans a free field here?

If the answer to all or any of these three questions be in the affirmative the results will be:—

1. The principal advantage for Persia of reaching a settlement with us and cultivating friendly relations, *i.e.*, to open up the London money market, will no longer exist.
2. The principal instruments we possess, viz., British capital and British enterprise, for aiding the economic stabilisation of Persia, will be struck out of our hands.
3. The policy outlined above, which I clearly understand to be the one approved by His Majesty's Government, will have to be reconsidered.

Furthermore, it will be only fair to tell the Persians straight away that whether they settle their debts or not, no money can be found for them in London for any purposes or on any security; and tell the Americans that the more the Persians turn to the New York bankers for financial assistance, the better we shall be pleased; and that His Majesty's Government, so far from looking askance at a pure American bankers' loan to Persia, so far from desiring British participation in the loan, would actually prefer that none of the loan should be taken up and still less issued in London.

Such a position would of course be a perfectly clear one, but its implications rather appal me. It just means our taking a complete back seat in this country, switching off a policy which now has fair promise of success, even if its development be slow; turning our backs on our friends among the Persians—and their ranks are swelling daily—who believe that England alone can really help them in their difficulties; and leaving the field to the Bolsheviks and the Americans.

In my telegram No. 3 of the 5th January last, when discussing the possibility of Persia wishing to have a rapprochement with us, I said: "I think we shall be judged by our ultimate willingness to help Persia in her economic revival, and that our attitude in that regard will later on be a determining factor." I stand by that statement.

If when Persia has cleared her international credit the London money market remains closed to her, either the American bankers will hold off, being unwilling to take the risks unless in association with their London connections, in which case there will be no economic reconstruction of Persia; or the Americans will step in, and will gradually get a lien on all Persia's good security—customs and oil royalties; *i.e.*, virtual financial control.

In either case the policy I have been endeavouring to carry out goes by the board.

You will see that Sir O. Niemeyer's letter has alarmed me, your admirable rejoinder notwithstanding. I have drawn no sweeping conclusions from your despatch No. 152, but regarded it as an approval of attitude up to date and an authority to continue on the lines of principle submitted.

Sir O. Niemeyer's letter gives me serious pause; the matter is really important and I have therefore tried to follow out his attitude to its logical conclusions in application; to extreme conclusions, but not, I think, to unfair ones.

Sir O. Niemeyer may enquire what I do want. The question can be answered in the main quite simply though of course I cannot foresee all eventualities. That if Persia's credit becomes sufficiently restored by the reorganisation of her finances under American advice and the settlement of her debt to us, His Majesty's Government should not oppose a bankers' loan for funding purposes or sound productive purposes in the London market, but rather facilitate the operation, though I do not ask them to accept any responsibility in the matter beyond the normal duty of affording diplomatic protection to bondholders. That His Majesty's Government should not discourage any British capital which desires to participate with American capital in a bankers' loan.

I beg you to take this matter up and let me know the result.

Yours ever,

PERCY L.

[E 3698/3698/34]

No. 163.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 298.)

Sir,

Tehran, May 30, 1925.

A FORTNIGHT ago I received a telegram from His Majesty's resident and consul-general at Bushire stating that the question of the registration of foreigners' arms, which formed the subject of Mr. MacDonald's despatch No. 487 of the 7th October, 1924, was acute at Mohammerah, and enquiring whether any decision had been reached. I found that no further developments of this question had taken place here, and that, by some oversight, no action had apparently been taken on that despatch.

I therefore replied by telegraph to Colonel Prideaux that the question was under discussion with other Legations by direction of His Majesty's Government, who were disposed to regard it as an attempt by the Persian Government to evade extraterritorial privileges and a matter therefore requiring further consideration; and that the local authorities should be warned that any arbitrary action on their part would prejudice any chances of obtaining the consent of His Majesty's Government.

At the same time I addressed letters to my French, Belgian, Italian, American and German colleagues, requesting to be informed of their views. I have the honour to transmit to you herewith copy of the reply of the French Minister, whom I had referred to Mr. Ovey's note to the Persian Government of the 10th May, copy of which had been communicated to him by Mr. Ovey. The Italian Minister and the American and German Chargés d'Affaires expressed no opinion, in their written replies, as regards the decision to be taken, on the ground that the Persian Government had not yet raised the question with them, while the Belgian Chargé d'Affaires did not reply in writing at all. From subsequent conversations, however, I have ascertained that my French, Italian and Belgian colleagues are opposed to the registration fee and are not prepared to accept it, seeing therein the thin end of a wedge aimed at the position we claim as regards taxation of the subjects of the Christian Powers.

The fees themselves, as Mr. Ovey observed in his despatch No. 428, appear to be reasonable in amount, and the only question to be considered therefore is the effect which compliance with the Persian demand might have on the strength of the capitulatory position.

I should be glad to receive early instructions, in case the question should again be raised in an acute form.

I am sending a copy of this despatch to His Majesty's consul-general at Bushire.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 163.

*M. Bonzon to Sir P. Loraine.**M. le Ministre et cher Collègue,**Téhéran, le 19 mai 1925.*

EN réponse à votre lettre en date du 13 courant, j'ai l'honneur de vous faire connaître que je n'ai pas trouvé trace dans les archives de ma Légation que le Gouvernement persan ait soumis à celle-ci un projet de réglementation d'enregistrement des armes à feu possédées par mes ressortissants, la note de Mr. Ovey à laquelle vous vous référez figurant cependant au dossier.

Dans ces conditions, la question du droit de licence pour enregistrement d'armes à feu me paraît en ce qui concerne mes ressortissants rester entière, c'est-à-dire résolue au moins dans le sens de la gratuité.

Au cas où je serais saisi de la question par le Gouvernement persan, je m'associerai volontiers à une démarche collective d'accord avec tous les chefs de mission. J'ajouterais, en principe, il ne me paraît pas utile d'accepter sur ce point un règlement pouvant porter atteinte aux droits des étrangers découlant du privilège d'extraterritorialité.

Veuillez, &c.

L. BONZON.

[E 3701/86/34]

No. 164.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 306.)

Sir,

Tehran, June 5, 1925.

I HAVE the honour to transmit to you herewith copies of the ninth quarterly report of the Administrator-General of the Finances of Persia,* which, as will be gathered from the introduction, is largely intended as propaganda to encourage the investment of foreign capital. In connection with the remarks concerning claims, attention may be drawn to the figures given on p. 110, although the information there provided is somewhat meagre.

On p. 38 the hope is expressed that a deputy oil commissioner may be appointed for duty at the Anglo-Persian Oil Company's oil-fields.

I do not think there is any other item which deserves to be specially singled out for remark. It will be observed that the conclusion is devoted to Dr. Millspaugh's apparent reconciliation with his critics after the controversies to which I drew attention in my despatch No. 111 of the 27th February, covering his eighth report.

I am sending copies of this despatch to the Government of India, to His Majesty's High Commissioner at Bagdad and to His Majesty's consul-general at Bushire.

I have, &c.

PERCY LORAINÉ.

[E 3702/82/34]

No. 165.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 308. Secret.)

Sir,

Tehran, June 5, 1925.

I HAVE the honour to transmit herewith copy of Intelligence Summary No. 16 for the week ending the 30th May, compiled by the military attaché to this Legation.

I have, &c.

PERCY LORAINÉ.

Enclosure in No. 165.

Intelligence Summary No. 16 for the Period ending May 30, 1925.

(Secret.)

Turkoman Situation.

1. Bujnurd was relieved on the 18th instant by small columns from Meshed and Sankhas after a protracted if not very severe fight, in which two aeroplanes co-operated. The General Staff state that they have now over 1,000 troops in Bujnurd and consider the town to be reasonably safe.

After the fight at Bujnurd the Turkomans dispersed and retired some 20 miles, but on the 26th the General Staff had information that they were again collecting at Simalgan, 30 miles west of Bujnurd.

2. An unconfirmed report says that the Persian General Staff have accepted as a fact that the Persian Turkomans have obtained arms from Russian sources, but are not yet in a position to state that they have obtained any material assistance in men from the other side of the border. There appears to be a disposition to doubt the reports of the General Officer Commanding the Eastern Division in this respect.

The General Staff appear to believe that there are Russian agents among the tribes, but they have modified their original opinion that the rebellion is being co-ordinated by Soviet direction.

3.—(i.) The 3rd battalion of the Pehlevi regiment (the 1st and 2nd had already gone) left for Shahrud on the 18th, and a detachment of 250 of the Sangin Aslaheh cavalry regiment on the 21st.

(ii.) Four hundred Russian rifles and eight machine guns were despatched to the Eastern division by lorry on the 21st.

4. The members of the High Military Council are reported to be unanimously of the opinion that the Prime Minister should personally conduct the operations against the Turkomans.

* Not printed.

[13550]

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Astarabad.

5. The following incident, apparently founded on fact, though details may not be reliable, reported from Astarabad on the 30th April, may be a contributory cause of the violence of the recent Turkoman outbreak: Three Turkoman chiefs of the Jaafarbai recently came to Astarabad to draw the Government subsidies to which they were entitled. They received 420 tomans, and when leaving the town to return to Gumesh Tappeh with six followers were ambushed by a party of road-guards and murdered.

6. Reports received by the Persian General Staff up to the 26th showed that the outlying villages of the Astarabad Province and even the outskirts of defended localities were at the mercy of Turkoman raiders, who were not missing the advantage of this happy situation.

Reinforcements were being sent from Resht.

Gilan.

7. It is reported that Khoshtaria is now proposing that he should be allowed to extend his Pir-i-Bazar-Resht light railway to Imamzadeh Hashim, 18 miles south of Resht. This proposal appears in the name of Agha Mir Ganjai.

8. The Persian consul at Baku is reported to have informed his Government that the Russians were shipping 1,000,000 poods of sugar to Baku for shipment to Enzeli in anticipation of the imposition of the increased sugar duties.

Azerbaijan.

9. Further reports have been received of Simetqu's intention to settle down in Persian territory, where he still is, and it is now appearing more probable that he has come to terms with the Persian Government (see paragraph 6 of Summary No. 15).

10. Reference to paragraph 9 of Summary No. 15, it is confirmed that the number of trucks recently added to the rolling-stock of the Tabriz-Julfa Railway is thirty.

11. It is reported on good authority that, since the departure of Haji Sami Bey, the Turkish consul, from Urumia, there has been no apparent Turkish intrigue among Persian Kurds of that district.

12. It is reported on good authority that the fleet on the Urumia Lake now consists of nine steamers, of which three are in use, and twelve barges, of which six are serviceable. All available money is used up in keeping in repair the serviceable vessels.

13. An unconfirmed report from Khoi is to the effect that the Turks were increasing their troops on the Turco-Persian frontier by two battalions in order to prevent Turkish Kurds from taking refuge in Persia.

Tehran.

14. A rumour has been circulating in Tehran of an attempt on the Shah's life made in Paris. It is even credibly reported that Modarres taxed the Prime Minister with having instigated this attempt and that a rather stormy interview ended in the latter leaving in a huff. This may or may not account for his departure from Tehran for a change of air.

15. A Bill has passed the Majlis sanctioning the engagement of twelve American advisers. These include four to replace present advisers who are leaving. The other eight constitute an increase of strength and include one adviser for agriculture.

16. The contracts of eleven Belgians now employed by the Persian Government in the customs services have been extended for a period of three years, and sanction has been given to the engagement of one more.

17. The Tehran paper "Sitareh-i-Iran," in discussing the Bill for the increased tax on sugar, the proceeds of which are to be devoted to the construction of railways, gives its opinion that there are only two satisfactory methods of ensuring this construction. One is to raise a loan of 40,000,000 or 50,000,000 tomans secured on the income of the sugar tax, and to employ a foreign company to carry out the construction with this amount; the other is to entrust the collection of the sugar tax to a company, who would expend it as they collected it on the construction of the railway.

18. Reference paragraph 12 of Summary No. 15, Sheikh Khazal, though still guarded, is now reported to be free to receive visitors.

19. A party, consisting of Colonel Ali Khan, Riazi, Director of Personnel at the War Office, and twenty-one junior officers, left Tehran on the 28th May for Paris, via Bagdad and Beirut. The first-named says he intends to do a two-years' course at the École supérieure de la Guerre; the remainder are mostly destined for Saint-Cyr.

20. The two tanks have at last arrived in Tehran. They were landed at Bushire in October, and have since then been struggling to Tehran. Reliable details as to their type have not yet been received. (See also paragraph 26 of Summary No. 49, 1924.)

They are in charge of one French and two Armenian mechanics.

21. Twenty-five lorries and nine *fourgons* have been despatched from Tehran to Bushire to bring up machinery and stores for the arsenal.

22. Reference paragraph 16 of Summary No. 15, Takizadeh has returned to Tehran.

23. The Soviet Chargé d'Affaires and military attaché have been at great pains to convince the War Office of their complete innocence of any share in the Turkoman rebellion. One of the arguments used is that the lawlessness in Astarabad and Mazanderan, where the Soviet have advanced large sums to peasants, principally for cotton-growing, is obviously causing considerable damage to Russian interests.

24. Lidin, the Soviet Chargé d'Affaires, is reported to have recently made a tour of all Soviet concerns in Tehran, commercial and otherwise, and to have impressed on all Soviet citizens that it was their duty to give to the Legation all information that came to their knowledge, as Soviet Russia was severely handicapped in this respect, having many enemies and little money to spare for intelligence.

25. A certain Rogachov has recently arrived in Tehran and is staying at the Legation. He is reported to be identical with the individual of that name who was military attaché at the Soviet Legation in 1921-22. From one source it is reported that he is now a financial expert and has come to investigate Shumyatski's accounts. The Emigrants' Committee, however, think that he has come on some more important mission.

26. A batch of Soviet literature has recently reached Persia, brought by Shirinov from Baku. Some of it was detained at Enzeli and Resht; the remainder was brought to Tehran.

27. The Auto-Iran Transport Company (see paragraph 9 of Summary No. 2) advertises the opening of a motor service between Tehran and Enzeli.

Passenger fares are quoted at 126 krans per seat for the journey and 700 krans for a whole Ford car. This is appreciably cheaper than any existing rates.

Baggage rates are 126 krans per 18 poods from Tehran to Enzeli and 270 krans from Enzeli to Tehran.

There will be a regular weekly service each way.

28. Tchaikin, secretary of the Soviet Legation, who left Tehran with Shumyatski, has returned.

29. Pokhitanov, the secret Bolshevik agent who was arrested by the Persian police on suspicion of being concerned in some plot (see paragraph 15 of Summary No. 14), has been deported from Enzeli.

It is reported that other Soviet subjects concerned in this case have been deported or released, but that investigations are still proceeding as regards the Persians implicated.

Kermanshah.

30. Reference paragraph 26 of Summary No. 15, His Majesty's consul at Kermanshah reports that the apparatus for a small wireless installation has arrived in Kermanshah.

Kurdistan.

31. Reference paragraph 13 of Summary No. 15, reports from His Majesty's High Commissioner at Bagdad are to the effect that Prince Salar-ed-Dowleh is in Avroman country.

Hamadan.

32. His Majesty's vice-consul at Hamadan reports on the 3rd May that considerable energy is being shown locally by Soviet organisations in carrying on Bolshevik propaganda. The principal agencies are two committees, one formed exclusively of Russians and including all the principal Soviet employees, the other of avowed Communists of other nationalities.

The attitude of the local military authorities is one of aloofness.

Luristan.

33. Several unconfirmed reports have been received that the local military authorities have protested against the withdrawal of any troops from the Luristan area owing to their apprehensions of intrigues by the Vali of Pusht-i-Kuh having an inflammatory effect on the Lur tribes.

Comment.—There does not appear to be much fear that the Vali will allow himself to be directly implicated in hostilities against the Persian Government. One of his sons is now a hostage in Tehran. But the Persian Government's confidence in the Vali's loyalty may not extend to a belief that he will not incite others to resist Government.

Bakhtiari.

34. Reference paragraph 29 of Summary No. 15, it is reported that some negotiations have taken place with the Ilkani of the Bakhtiari regarding the disarmament of that tribe.

It is reported that the Prime Minister has asked the Ilkani whether he requires troops for that purpose.

Baluchistan.

35. Reports received from the Government of India show that the mishandling of the tribes by local Persian military officers and the non-payment of their allowances have put the Sarhaddis into an ugly mood which has every prospect of leading to trouble.

W. A. K. FRASER, Major, I.A.,
Military Attaché.

Tehran, May 30, 1925.

[E 3703/572/34]

No. 166.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 309.)

Sir,

Tehran, June 6, 1925.

I HAVE the honour to transmit to you, with reference to my despatch No. 14 of the 24th March, a translation of a memorandum from the Persian Ministry for Foreign Affairs communicating a copy of the new Commercial Law. I also enclose a translation of the law, which it has only just been possible to complete in time for despatch by this bag, and which there has consequently been no time to study here.

I had wished to hold a meeting of the representatives of the capitulatory Powers with a view to addressing in identic terms to the Persian Government a reservation of opinion on this law, pending adequate consideration of its provisions. This meeting was, however, put off for various reasons, and in the meantime I had ascertained from the Italian Minister that he had already addressed to the Persian Government a reply, of which copy is enclosed herein; while the French Minister had sent me a letter, copy of which is also enclosed, from which it was evident that he was reluctant to express any reserve, an attitude easily comprehensible in view of the fact that the law is largely of French origin, the original draft having been prepared by M. Perny, the French legal adviser to the Persian Government, although some alterations were afterwards made by the Legal Commission of the Majlis.

In these circumstances I decided not to wait to ascertain the views of my other colleagues, but to address immediately to the Persian Government the memorandum of which a translation forms the final enclosure to this despatch.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 166.

Translation of a Circular Memorandum addressed by the Ministry for Foreign Affairs to His Majesty's Legation, dated Khurdad 4, 1304 (May 25, 1925).

THE Ministry for Foreign Affairs has the honour to enclose herewith, for the information of that Legation, a copy of the Law of Commerce which has been passed by the Commission of Justice of the Majlis, and which is to be put into execution according to the law of the 10th Aghrab, 1303.

Enclosure 2 in No. 166.

THE COMMERCIAL ACT.

Book 1.—*Merchants and Commercial Operations.*

Article 1. A merchant is a person whose ordinary occupation is connected with commercial transactions.

Art. 2. Commercial transactions are as follows:—

1. Purchase, or acquisition, of any kind of movable property for the purpose of sale or hire, whether in its original state or not.
2. Transport business of any kind by land, sea or air.
3. Every act of brokerage, commission, agency, and of engagement in any kind of establishment for the purpose of carrying out certain matters of business, such as facilitating property transactions, engaging employees, procuring and despatching materials, &c.
4. Establishing and operating any kind of factory, provided it is not for personal requirements.
5. Business connected with auctioning.
6. Management of places of public amusement.
7. Any kind of banking and exchange business.
8. Exchange transactions, whether between merchants or otherwise.
9. Marine and other insurance business.
10. Shipbuilding, buying and selling ships, shipping at home or abroad, and all transactions appertaining thereto.

Art. 3. The following transactions, between two parties, one of whom, or both, being merchants, are considered to be commercial, and claims affecting them are to be referred to commercial courts only:—

1. All transactions between merchants, tradesmen, sarrafs (money-changers), and banks.
2. All transactions between a merchant and a non-merchant affecting his commercial requirements.
3. All business transactions undertaken on behalf of their employers by their staff, employees, or merchant apprentices.
4. All transactions of commercial companies.

Art. 4. Transactions affecting property, other than movable property, are on no account to be classed as commercial transactions.

Art. 5. All transactions by merchants are classed as commercial transactions unless proved to the contrary.

Book 2.—*Commercial Books.*

Art. 6. Every merchant is required to be in possession of the following books:—

1. Journal.
2. Ledger.
3. Inventory.
4. Copy book.

These books are additional to books usually kept by commercial firms, and the possession of which is not compulsory.

Art. 7. The journal is a book in which a merchant registers day by day his credits, debits, commercial transactions, and negotiations regarding commercial bills (such as purchases, sales and endorsements), and, in general, all commercial credit and debit transactions of any kind whatsoever, and all disbursements made for personal expenses.

Art. 8. The ledger is a book in which a merchant must enter, at least once a week, an abstract of all operations extracted from his journal. The different kinds of operations must be classified separately and each class entered on a different page.

Art. 9. The inventory is a book in which a merchant must enter and sign annually a complete and detailed statement of his movable and immovable property, assets and liabilities for the past year. This statement must be completed before the 15th Hamal of the next year.

Art. 10. The copy book is a book in which a merchant must copy all letters, messages and bills sent by him, each under its proper date.

Note.—A merchant must also file, in accordance with their date of receipt, all letters, communications and bills received.

Art. 11. The books mentioned in article 5, with the exception of the copy book, before being brought into use, shall be signed either by the President of the Commercial Court, or by another Judge of the Law, or by the officials of the Parquet, or the local Governor, in the said order. The copy book need not be signed as above, but its pages must be numbered serially. When any book is renewed the stipulations of this article will be observed.

The person charged with the signing of the books may, in case of need, permit other judges and officials of the Parquet to act on his behalf. In such a case the said permission must be written on the back of the first page of each book and dated and signed.

Art. 12. Any book thus submitted for signature must have its pages numbered serially and perforated; the signer must count the total number of pages, and write on the first and last page of each book the number of pages, specify the name of the owner of the book and enter the date of his signature. He will also attach a plumb lead seal, which will be provided by the Ministry of Justice for this purpose, to both ends of the cord. It is required that all the numbers, as well as the date, shall be written in full.

Art. 13. All transactions and debit and credit entries in the above-mentioned books must be registered according to date on special pages. Erasing, obliterating, leaving blank spaces (more than is usual in bookkeeping); and writing in the margin or between the lines is forbidden; and the merchant must reserve all these books for a period of at least ten years from the end of the year in question.

Art. 14. The said books, if arranged according to the terms of this Act, will only be valid for commercial questions; and if not arranged as above directed will be valid only when used against the owners thereof.

Book 3.—Commercial Companies.

Chapter I.—Various kinds of Companies and Regulations appertaining thereto.

Art. 15. There are three kinds of commercial companies:—

1. Limited liability company.
2. Collective company.
3. Joint stock company.

Section 1.—Limited Liability Company.

Art. 16. Limited liability company is a company formed for commercial purposes, the capital of which is divided into shares, and the liability of the shareholders of such a company is limited to the amount of their shares.

Art. 17. The values of shares, as well as the values of part-shares (in case of subdivisions), will be equal.

Art. 18. Where the capital of a limited liability company does not exceed 20,000 tomans, the shares or part-shares shall not be of less value than 5 tomans, and if the capital is in excess of 20,000 tomans the shares and part-shares will not be of less value than 10 tomans.

Art. 19. Shares can be made out in the names of individuals, i.e., non-bearer shares, or in the form of bearer shares.

Art. 20. Bearer shares can be made out to bearer, and the holder of such shares is the owner thereof unless proved to the contrary by law. Transfer of such shares can be effected by exchange of scrip. The ownership of shares inscribed in the names of individuals (non-bearer) can be established by inscribing the name of the holder in the company's register. If a holder wishes to transfer his shares to another person, he must certify and sign the transfer in the company's register either in person or through an authorised attorney.

Art. 21. Shares may be paid for in cash or otherwise. Shares not paid for in cash are shares which are paid for by other means in lieu of cash, such as factories, concession deeds, &c.

Art. 22. Any limited liability company may, by decision of a general meeting of shareholders (convened in accordance with the conditions of this Act), create preference shares, conferring a priority or advantage over other shares. The creation of such shares is conditional on the fact that such action is authorised by the statutes of the company.

Art. 23. In a general meeting, every holder of preference shares has equal voting powers with other shareholders, unless stipulated to the contrary in the statutes of the company. In cases where a general meeting of shareholders passes a resolution affecting or altering the rights of any particular class of shares, such resolution is not final until ratified by the holders of such shares in special conference. For the decision of such special conference to be valid, the numbers of those attending it must represent over 50 per cent. of the total number of shares under discussion.

Art. 24. No names of individual shareholders will be included in the title of any limited liability company, and use of the word "limited" after the title of the company is compulsory.

Art. 25. A limited liability company is formed in accordance with articles of association written in two copies. One copy shall be attached to the declaration made by the chairman of the company under article 27, and the other will be retained at the central office of the company.

Art. 26. Every company must have a "Statutes" book giving the following information clearly and specifically:—

1. The name and central office of the company.
2. The objects of the company.
3. The duration of the company, if formed for a limited period only.
4. The capital of the company and the value of its shares.
5. The denominations of shares (whether bearer or otherwise), the number of each denomination, and method of exchange, and whether such exchange is in principle admissible.
6. The board of directors and auditors.
7. The number of shares to be deposited with the company by directors.
8. Regulations regarding the convening of a general meeting, the right of vote by shareholders, the method of debate and vote.
9. Resolutions for the adoption of which a special majority is required in a general meeting.
10. The form for presentation of annual accounts and method of audit; and the principles to be observed in regard to the profit account and its distribution.
11. Method to be adopted for amendment of the statutes.
12. Arrangements made to deal with all matters which by this Act are made dependent on the statutes.

Art. 27. A minimum of five persons is required to constitute a limited liability company.

Art. 28. A limited liability company will not be definitely constituted until all the company's capital is subscribed. Where the value of shares or of part-shares does not exceed a sum of 5 tomans, shareholders must deposit the value (of such shares) in full, but in other cases they must deposit not less than one-third of the value of such shares. In no case will the sum deposited be less than 5 tomans.

Art. 29. Shares which are not fully paid for are considered to be non-bearer shares, and the transfer of such shares is permissible only after deposit of one-third of their cost.

Art. 30. Where a shareholder elects to receive a "non-cash share," or demands special privileges for himself, a general meeting of shareholders will be convened, and, in its first session, will order a valuation of such "non-cash share" to be made or will consider the reasons given for the privileges demanded. Definite approval of such valuation, or of the reasons given for privileges demanded, will not be given, and the formation of the company will not proceed further until a second and separate general meeting is convened. In this second meeting for approval of such valuation or such privileges, a report on them must be published and distributed to all shareholders at least five days before the meeting.

Approval as above requires sanction by a majority of two-thirds of shareholders present, and the proceedings of such general meeting will not be valid unless half the total numbers of shareholders is present, representing half the total capital subscribed in cash. Shareholders who hold "non-cash shares," or who have asked for special privileges, are not entitled to vote at this meeting. Should the "non-cash shares" or the reasons for special privileges demanded be not approved by the general meeting, any individual shareholder may withdraw from the company. Approval of the above-mentioned proposals does not prevent the bringing subsequently of a charge of fraud and deceit in connection with them. Should the company be composed of persons who may own collectively and wholly all "non-cash shares," the observance of the method of valuation of "non-cash shares" as laid down in these articles is unnecessary.

Art. 31. Any article or property pledged in return for a "non-cash share" must be handed over in full.

Art. 32. The promoters will first draft a document showing the amount of the company's capital underwritten, of which one-third must have been actually paid up in cash. They will then convene a general meeting (preliminary) to elect directors and auditors (commissioners) for the company as laid down in article 41. Auditors will be elected for one year and the directors for four years. Directors are eligible for re-election after a term of four years, unless otherwise stated in the company's statutes. If, under the statutes, their election is not dependent on the approval of a general meeting, their period of directorship shall not exceed two years. If the directors and auditors elected by general meeting accept office, their acceptance will be recorded in the minutes of the meeting, and the company becomes constituted with effect from that date.

Art. 33. The declaration required for submission to the Department of Registration of Documents under article 37, together with all documents appertaining thereto, will be prepared and submitted by the promoters to the first general meeting of shareholders, for the latter to certify as to whether it is correct or not.

Art. 34. The general meeting convened to certify the correctness of the company's share (capital), and of the statements of promoters required by article 33, must comprise sufficient shareholders to represent at least half of the company's capital. When the vote is taken for approval of the valuation of "non-cash shares," such portion of "non-cash shares" as is under debate and vote by general meeting will not be considered as part of the company's capital. In a general meeting of shareholders, should the numbers present not represent half the capital, the decisions of such meeting will not be final. In this case, a new general meeting will be summoned, and the above decisions will become final only provided that: one month at least previous to the convening of such meeting and at intervals of eight days, two successive notices of the provisional decisions of the last meeting have been published and circulated in local newspapers; that they have been approved by the fresh meeting; and provided also that the numbers of shareholders present represent at least one-third of the capital.

Note.—The newspapers, in Tehran and important towns, in which such notices are to be published, and in places where no newspapers exist the channels through which such notices are to be published, will be appointed and notified annually by the Ministry of Justice.

Art. 35. A limited liability company ("shirkat sahami") will be under the direction of one or more paid or unpaid representatives appointed from shareholders, as directors for a limited period and with liability to dismissal. Should there be more than one director they will elect one of their number as chairman. The said chairman and individual directors may, if permitted by the statutes, mutually agree to appoint an outside party to represent them, but they themselves will be held responsible for the acts of such outside party.

Art. 36. The responsibility of a company director towards the shareholders is that of an attorney to the person who has given him his power of attorney.

Art. 37. In proof that the capital has been underwritten and cash actually paid up by shareholders, the director of the company will certify to that effect in a document, which shall be deposited and registered with the Department of Registration of Documents at the original place of formation of the company. To this declaration will be attached a list of shareholders, showing the amount of capital paid up, and a copy of the statutes and one of the duplicate copies of articles of association.

Note.—Should there be no office of the Department of Registration of Documents at the company's original place of formation, the director of the company will refer the matter either to the Commercial Court, Court of the First Instance or Court of the Peace ("Sulhiya") (whether limited as to its powers or not), in order given above.

Art. 38. Directors must be in possession of the number of shares laid down by the statutes. These shares are a guarantee for any damage caused to the company by acts of the directors, collectively or individually. The said shares are "non-bearer" shares, and not transferable. They will be deposited in the company's safe, and the fact that they are not transferable will be marked on them by means of a stamp.

Art. 39. The directors of a company may not, directly or indirectly, participate in any business transaction connected with the company or with its accounts without special sanction of a general meeting. If sanctioned, they must submit a special statement of such transaction every year to the general meeting.

Art. 40. The directors of the company are responsible to the company or to a third party for any action contrary to the provisions of this Act, and will be held responsible under common law for any fault committed by them in the company's administration. This especially applies in cases where they distribute fictitious profits, or fail to prevent such distribution.

Art. 41. The annual general meeting elects one or more auditors (commissioners). Such auditors, who may be elected from other than shareholders, will be commissioned to report to the next annual general meeting as to the general state of affairs of the company, its balance sheet and the statement of accounts submitted by directors. In the absence of such report certifying the correctness of the balance sheet and statement of accounts, no decision taken will be valid. Where the general meeting fails to elect such auditors, or where one or more of the auditors elected cannot or will not submit a report, the president of the commercial court, at the registered centre of the company on demand by anyone entitled, shall summon the directors of the company and elect auditors, or such new auditors as are required in replacement of those unable or unwilling to report.

Art. 42. Within the three months previous to the time fixed by the statutes of the company for convening a general meeting, the auditors may refer to the company's books, investigate its operations, and in case of urgent necessity may summon a general meeting.

Art. 43. The limits of responsibility for auditors and the effects of such responsibility are the same as the limits laid down by law for attorneys *vis-à-vis* those from whom they hold a power of attorney.

Art. 44. A general meeting of the company must be convened at least once a year, at the time detailed in the statutes. It will be stated in the statutes what number of shares must be owned or represented by any person to entitle him to attend a general meeting. The number of votes each shareholder is entitled to for the number of shares held will also be stated. In no case will any individual shareholder be entitled to more than one-fifth of the total votes held by shareholders present in a general meeting. Shareholders whose individual shareholdings are insufficient to entitle them to be present at a general meeting may combine with others to an extent necessary for their aggregate shareholdings to entitle them to a vote, and elect one of their number to attend such a general meeting. At a general meeting, however, convened to approve the company's share (capital), elect directors and to certify the declarations of the promoters in accordance with article 33, all shareholders are entitled to attend whatever number of shares they may hold.

Art. 45. A company general meeting, except as in articles 34 and 47, must comprise sufficient shareholders to represent at least one-third of the capital. If this quorum be not obtained the first time, a fresh general meeting will be summoned,

as laid down in the company's statutes, and the decisions of this meeting will be final, whether the above quorum is obtained or not.

Art. 46. The decisions of a general meeting must be adopted by a majority. At a general meeting, a list of those present and absent must be prepared, showing the name, address and number of shares held by each shareholder. This list will be certified by the officials presiding at the meeting and will be deposited at the head office, where it will be available for inspection by anyone on application.

Art. 47. At a general meeting convened for consideration of amendments to the statutes, or extending the life of the company, or for premature liquidation, the number of shareholders present must at the very least represent an amount exceeding 50 per cent. of the share capital; otherwise such meeting will be illegal and its decisions invalid.

Art. 48. Every limited liability company will every six months prepare and present to the auditors a summary of its assets and liabilities. Such companies will also prepare a statement of accounts, as laid down in article 9 of this Act, showing their movable and immovable property, together with a list of the company's debits and credits. This statement of accounts, together with the balance sheet, and the profit and loss account, must be handed to auditors at least forty days previous to the convening of a general meeting for submission to such meeting.

Art. 49. For fifteen days previous to the convening of a general meeting, any shareholder may refer to the statement of accounts and the list of shareholders in the head office of such company, and take a copy of the balance sheet summarising the company's accounts and of the auditor's report.

Art. 50. Where anyone has underwritten a purchase of shares, and after formation of the company fails to pay the balance due on such purchase at the appointed time, and, moreover, fails to transfer his shares to some other party, the amount actually paid will be forfeited to the company, provided that such person has been asked three times by registered letter for the balance due, and provided that one month has elapsed from date of the last letter. The purport of this article must be clearly entered in the company's register, at the time of subscription, and the person subscribing will sign below. In cases of transfer of shares, the purchaser will enter and sign a similar undertaking in the company's register. In the statutes of the company a different procedure may be prescribed for persons who underwrite shares and fail to pay any balance purchase money due on such shares.

Art. 51. Every year at least one-twentieth of the net profits of a company will be put aside and credited to reserve. When the reserve capital equals one-tenth of the company's capital, such deduction will be left to discretion.

Art. 52. Where, as a result of losses, three-fourths of the company's capital becomes non-existent, the directors of the company will summon all shareholders to a general meeting to decide by vote whether the company shall be liquidated. The decision of such meeting must be published. If the company's directors fail to summon a general meeting, or if the general meeting, when summoned, is not properly and legally convened, anyone entitled may demand liquidation of the company from the competent courts.

Art. 53. Where one or more shareholders, who together represent a number of shares equal to at least one-fifth of the company's capital, apply inviting for the summoning of an extraordinary general meeting, and clearly state their reasons in such application, an extraordinary general meeting will be summoned.

Art. 54. Within one year of the number of the shareholders falling below five, and not being raised again to a total of five, the courts can issue an order for liquidation of the company on application of anyone entitled to do so.

Art. 55. Any limited liability company failing to observe the conditions of articles 18, 27, 28 and 37 of this Act will be considered null and void. Shareholders, however, may not take advantage of such invalidity to refute the claims of outside parties.

Art. 56. In cases where a court, under the provisions of the preceding article, invalidates the company itself, or its acts and decisions, the promoters of the company responsible for such invalidation, together with the directors who had charge of affairs at the time such invalidation was incurred, and who failed in their duties, will be held responsible for all damages considered to have resulted to shareholders and third parties as a result of such invalidation. The same responsibility may attach to shareholders, whose "non-cash shares" have not been valued and approved, or for whom privileges have been demanded but not yet approved.

Art. 57. Previous to the bringing of an action for invalidation of the company,

or its operations and agreements, should the grounds of such invalidation be removed, the court will not accept any application for invalidation.

Art. 58. After the expiration of one year from date of remedying the causes of invalidation, should any outside party claim damages for any transaction made with them, for reasons connected with such invalidation, such claim will not be admitted in the courts.

Art. 59. Where a special general meeting may have to be convened to remove the causes of invalidation and members have also been summoned, in accordance with the statutes, with effect from the date of summoning of members, no application for invalidation will be accepted by the courts, except when the meeting fails to remove the grounds of invalidation.

Art. 60. If no action be taken for invalidation and damages within ten years of the date of such invalidation being caused, the courts will no longer admit such action.

Art. 61. A refund of profits distributed to shareholders is not possible, except where distribution was made without preparation of a statement of accounts ("darai"), or contrary to the results shown in such a statement. In such cases, where no claim for refund is established within five years of date of distribution of profits, such claim will not be admitted by the courts.

Art. 62. Any person issuing shares, or part-shares, of a company constituted contrary to the provisions of articles 18, 28 and 37 of this Act will be liable to a payment of 50 to 1,000 tomans as indemnity (fine). The same judgment applies to anyone who falsely represents himself as a director and interferes in the affairs of a company; and it also applies to any person who falsely impersonates a holder of shares or part-shares and fraudulently enters the general meeting or takes part in the voting. Payment of such indemnity will not prevent a liability for claims for damages done to the company or other parties. This judgment also applies to any person delivering such shares to others for a fraudulent and deceitful purpose. In the last two cases offenders may, in addition to the above-mentioned indemnity, be sentenced to a period of one to six months' correctional imprisonment.

Art. 62. Anyone who, knowing that the provisions of this Act have not been complied with, transacts, or assists others to transact, business connected with the provisions of articles 18, 28 and 37, or of which one-third of the value has not been deposited as prescribed in article 28, is liable to an indemnity (fine) of 50 to 1,000 tomans.

Art. 64. The following are liable to the punishments awarded for fraudulent acts:—

1. Any person who, with intent to defraud, either claims that money has been promised (underwritten), or that the price of shares has been paid, or who fraudulently advertises or misrepresents the facts regarding payments or promises of payment, with the object of thereby inducing others to pay or to promise to pay sums of money. It is immaterial whether such acts have taken effect or not.
2. Persons who, with a view to obtaining payment, or promises of payment, of sums of money, falsely and fraudulently represent others as connected with a company.
3. Directors who, without any statement of accounts, or on the authority of a fraudulent statement, distribute fictitious profits to shareholders.

Art. 65. A limited liability company will be dissolved in the following instances:—

1. In cases where the objects of the company have been attained, or when it is no longer possible to attain them.
2. When a company is formed for a definite period, and such period has expired.
3. When a company becomes bankrupt.
4. When so decided by a general meeting.
5. In cases where the provisions of article 54 of this Act apply.

Art. 66. Limited liability companies now existing will reform their present organisation so as to conform to the stipulations of this Act within one year from the date of promulgation of this Act in Tehran, and within two years in the provinces. In cases of non-compliance, their directors will be liable to payment of a fine of 100 to 1,000 tomans, and to dissolution.

Section 2.—*Collective Company (Guarantee Association).*

Art. 67. A collective company is a company formed by two or more persons for commercial purposes, the liability of each partner being proportionate to the amount of his capital invested.

Art. 68. In a collective company, the name of at least one partner must be included in its designation. Where the designation does not include the names of all partners, the words "and partners" will be added after the name, or names, of partners designated.

Art. 69. A collective company is constituted when all its cash capital has been subscribed, and any part of its capital not paid up in cash has been valued and issued.

Art. 70. The profits of a collective company are divided among its partners in proportion to their shares, unless otherwise ordered in the deed of partnership (articles of association).

Art. 71. The partners in a collective company will elect from their own numbers or from outside at least one person to act as director.

Art. 72. The liability of the director or directors of a collective company is limited to the extent laid down in article 36 of this Act.

Art. 73. Where the shares of one or more shareholders in a collective company are not subscribed in cash, such shares must be previously valued with the consent of all shareholders.

Art. 74. In a collective company no individual partner may transfer his holding to anyone else without the consent of all partners.

Art. 75. Where the assets of a collective company are insufficient to meet its debts, each partner is liable for payment thereof to an amount proportionate to his shareholding.

Art. 76. Until liquidation is effected, payment of its debts will be due from the collective company itself, but after liquidation claims for payment may be presented by claimants to each individual shareholder with due regard to the provisions of the previous article.

Art. 77. Any collective company may, with the approval of all its partners, issue shares and turn itself into a limited liability company, provided the partners thereof number five or more. In this case due observance of all regulations affecting a limited liability company is compulsory.

Art. 78. A collective company will be dissolved in the following instances:—

- (a.) As provided for in sub-sections 1, 2 and 3 of article 65.
- (b.) With the consent of all partners.
- (c.) In cases where one of the partners applies to the commercial courts for liquidation of the company, giving his reasons. If the court approves the reasons given it may order liquidation to be effected.
- (d.) Where one of the partners withdraws, as provided for in articles 79 and 80.
- (e.) Where one of the partners is declared a bankrupt, as provided for in article 81.
- (f.) When one of the partners dies or is incapacitated, as provided for in articles 82 and 83.

Art. 79. Withdrawal from a company is permissible under the following circumstances:—

1. Where the right of the partners to do so is not abrogated by the statutes.
2. Such withdrawal is not made with intent to inflict loss.

Six months' previous notice of withdrawal must be given to the partners in writing.

Art. 80. Where under the statutes a company's accounts must be audited annually, withdrawal is permissible as soon as the accounts for the year are closed, provided the terms of the previous article are observed.

Art. 81. Where one of the partners is bankrupt, the company will be dissolved within six months of receipt of a written demand from the official receivers unless the company has meanwhile succeeded in securing its withdrawal.

Art. 82. In case of death of one of the partners the continuance of the company will depend on the approval of his trustee and of the remaining partners.

Art. 83. Should the remaining partners decide to continue the company, the trustee of the deceased partner must signify his approval or disapproval in writing within one month of date of death. Should the trustee of the deceased partner have signified approval, he will share in all profits and losses during the said period, but should he have notified disapproval he will share in the profits of the said period but not in the losses. After the expiration of one month, silence will be interpreted as a declaration of approval.

Art. 84. Where one of the partners is incapacitated, the terms of articles 82 and 83 become applicable.

Section 3.—*Joint Stock Company (Mixed Company).*

Art. 85. A joint stock company is a company formed of a number of shareholders and one or more guarantor partners, under the name of a particular individual. Shareholders are persons whose capital is invested in the form of shares or part shares of equal value, and whose liability is limited to the amount of capital invested by them. A guarantor partner is a person whose capital is not in the form of shares, and who is liable for debts incurred in excess of the company's assets. Where there is more than one guarantor partner the liability of each will be limited in proportion to the capital sum invested by him. (*Vide* article 75.)

Art. 86. The name of at least one guarantor partner will be included in the title of a joint stock company, together with the words "and company." The name of a shareholder will not be included in the title of a joint stock company unless such shareholder has assumed liabilities equivalent to those of a guarantor partner.

Art. 87. The directorship of a joint stock company is confined to the guarantor partner or partners.

Art. 88. In a joint stock company a supervisory committee consisting of at least three partners will be appointed. The committee will be elected at a general meeting of partners and shareholders ("shoreka") immediately the company is finally constituted, and previous to the transaction of any business on the company's account. The said committee will be re-elected in accordance with the conditions laid down in the statutes of the company, and the election of the first committee is for one year only.

Art. 89. The first supervisory committee will, immediately after the election, make full investigation and satisfy itself that all the provisions of articles 18, 28, 29, 30, 31, 37 and 50 of this Act have been duly observed.

Art. 90. The members of the supervisory committee are in no way responsible for the general administration and its results, but in the execution of their duties are individually responsible under common law for any act or omission.

Art. 91. The members of the supervisory committee will examine the company's books, safe, and documents, and make an annual report to the general meeting, bringing to notice any irregularities and errors detected by them in the preparation of the statement of accounts. Should they disagree with the recommendations of the director as to distribution of profits, they must state their reasons.

Art. 92. The supervisory committee may summon a general meeting of partners and shareholders ("shoreka"), and if approved by the general meeting they may dissolve the company under the terms of sub-section (b) of article 106.

Art. 93. Up to fifteen days previous to a general meeting, any shareholder personally or by proxy, on application at the head office of the company, is entitled to obtain information regarding the balance sheet, statement of accounts, and report of the supervisory committee.

Art. 94. Where there is more than one guarantor partner, their mutual rights and relations will be as laid down for a collective company.

Art. 95. The bankruptcy of anyone guarantor partner will not necessitate the liquidation of the company except as laid down in article 81.

Art. 96. The provisions of article 76 will be observed in regard to joint stock companies.

Art. 97. Should a joint stock company become bankrupt, before payment in full by shareholders of the value of their shares, the official receiver will collect any balance due from them. Should the company be liquidated for any reason other than bankruptcy, any of the company's creditors may demand payment of his debt from individual shareholders up to the amount owed by them on account of the cost of their shares. Till a company is liquidated, the creditors are not entitled to recover from individual shareholders any money due to them.

Art. 98. Should a joint stock company become bankrupt, until the company's debts are paid from its assets, the creditors of any individual guarantor partner have no right to such assets. Should the assets of the company be insufficient to meet its debts, the company's creditors are entitled to claim any balance due to them from the guarantor partner, and in the case of there being more than one guarantor partner, from each one of them in proportion to his shareholding. In this case, creditors of the company have no preference over personal creditors of guarantor partners.

Art. 99. The provisions of articles 18, 28, 29, 30, 31, 37 and 50 of this Act will be observed in the case of joint stock companies. The duties of founders of a limited liability company under article 37 will, in the case of a joint stock company, be performed by directors.

Art. 100. A joint stock company which is not constituted in accordance with the provisions of articles 18, 28, 37 and 58 of this Act is invalid, but partners and shareholders ("shoreka") are not entitled to benefit from this invalidation in cases against outside parties.

Art. 101. Where, under the previous article, a company is invalidated, the director, and the first supervisory committee appointed, may be held responsible for any loss caused to shareholders and partners ("shoreka") or outside parties by such invalidation.

Art. 102. The provisions of articles 57, 58, 59 and 60 of this Act apply also to joint stock companies.

Art. 103. The provisions of articles 62, 63 and 64 of this Act also apply to joint stock companies.

Art. 104. Joint stock companies already formed will, within six months of the promulgation and publication of this Act, appoint a supervisory committee. In case of failure to do so within the appointed period, any individual shareholder may demand that the company be dissolved.

Art. 105. A joint stock company constituted previous to this Act, and entitled by the statutes to be transformed into a limited liability company, may do so under the provisions of section 1 of this chapter, provided the terms of the statutes are strictly observed.

Art. 106. A joint stock company will be dissolved in the following circumstances:—

- (a.) As provided for in sections 1, 2, 3 of article 65.
- (b.) By decision of a general meeting if specifically allowed by the company's statutes.
- (c.) If approved by a general meeting and with the consent of guarantor partners.
- (d.) In case of death, or incapacity, of any individual guarantor partner, provided the dissolution of the company in such circumstances is sanctioned by the statutes.

In sub-sections (b) and (c) of this article, in so far as concerns a quorum, the provisions of article 47 are applicable.

Chapter II.—Co-operative Societies.

Art. 107. Co-operative societies are of two kinds:—

1. Producers' co-operative societies.
2. Consumers' co-operative societies.

Art. 108. A producers' co-operative society is a combination of any number of labourers and craftsmen utilising their several occupations for the production and sale of articles or goods provided that their partnership agreement complies with the law and that this fact is clearly stated in their statutes.

Art. 109. In a producers' co-operative society some members of which are not permanently serving it, or who belong to crafts unconnected with the society's operations, not less than two-thirds of the managing members will be elected from members of the craft connected with the society's operations.

Art. 110. A consumers' co-operative society is one formed with the following objects:—

1. Sale of necessities of life, whether produced by members or bought by them.
2. Distribution of profit and loss among members in proportion to the amounts purchased by each.

Art. 111. A co-operative society of either kind may be formed, either according to the principles of a limited liability company or under special regulations drafted and approved by its members, but in each case the provisions of articles 25 and 26 will be observed.

Art. 112. If a co-operative society of either kind be formed according to the principles of a limited liability company, no share or part share will be of less value than 1 toman. No member is entitled to more than one vote in a general meeting.

Chapter III.—Regulations for Publication of Articles of Association.

Art. 113. The articles of association of every company will be registered with the Department for Registration of Documents, and one copy thereof deposited with the department.

Further, within one month of the formation of each company, a copy of the articles of association, duly certified by the Department for Registration of Documents, will be submitted to the peace ("sulhiya") and the commercial courts at the company's original centre.

The certificate and documents to be attached to the articles of association of joint stock companies and limited liability companies are as under:—

1. A certified copy of the registered certificate to the effect that all the capital has been underwritten and one-third actually paid up.
2. A certified copy of resolutions of the general meeting of the company in regard to the provisions of articles 30 and 33; in the case of limited liability companies, a certified and registered list of shareholders will also be attached to the articles of association. This list will include the name, family name, occupation, address and number of shares held by each shareholder. The provisions of the note to article 37 apply to this article also.

Art. 114. Within one month of formation of any company, a summary of the articles of association and annexures thereto will be published in the local paper in which official notices are published. In proof of publications, within three months of date of publication a copy of the paper, signed by the publisher and certified by the Chief of Police Station, will be submitted to the Registration of Documents office. Where the provisions of the last two articles are not duly observed, and the company's transactions are on that account declared invalid, no shareholder may plead the invalidity and non-observance of these articles an excuse against outside parties, who had business transactions or agreements with them.

Art. 115. The summary mentioned in the above article will include the following points:—

In the case of limited liability companies, the names of directors.

In collective companies, the names of all partners.

In joint stock companies, the names of guarantor partners.

The name and original centre of the company, the names of partners appointed by the company to direct its affairs and authorised to sign on its behalf, the amount of the company's capital and the amount of cash actually paid or which will be paid up by shareholders and guarantor partners, and lastly, dates of commencement and termination of the company and the date on which the articles of association and statutes were submitted to the peace ("sulhiya") and commercial courts.

Art. 116. The class of each company will be clearly specified in the said summary, together with, in the case of a limited liability company, the amount of capital paid in cash or otherwise, and the amount payable from income to capital reserve account.

Art. 117. Where a company has branches in more than one judicial area, the provisions of articles 113 and 114 relative to publication and deposit of documents will be carried out in each separate district.

Art. 118. The summary of document founding a company, together with its annexures, which is prepared for submission to the proper authorities, in addition to signature by the official registrar, will be signed by—

Directors in the case of limited liability companies, by partners in the case of collective companies and by managers in the case of limited partnership companies.

Art. 119. If at any time it is decided to—

Amend the statutes,
Prolong the company beyond the time limit previously fixed,
Dissolve it prematurely and determine method of closing its accounts,
Change partners or eliminate one or more of them from the company,
Change the company's name,

the provisions of articles 113 and 114 are applicable. They will also apply to all decisions taken under articles 52, 66 and 105.

Art. 120. In the case of limited liability companies and limited partnership companies, should any partner withdraw, no notification is necessary in the peace or commercial courts or in the press, excepting where the person withdrawing is manager or director.

Art. 121. In the case of limited partnership and limited liability companies, anyone may examine documents deposited with the Department for Registration of Documents and the peace and commercial courts, and may obtain certified copies or abstracts of such documents on payment for the cost of copying. Any person may purchase certified copies of the original statutes of a company at the headquarters of such company. Under all circumstances all documents deposited must be posted in a prominent place in the company's offices for general information.

Art. 122. In all documents, statements of accounts, notices and publications, written or printed by limited liability or limited partnership companies for publication, the following phrases will be entered clearly and in full, immediately before or after the name of the company:—

"Limited liability company."
"Joint stock company."

The amount of the company's capital will be also stated.

Offences against the above regulations are punishable with a fine (or indemnity) of 5 to 100 tomans.

Chapter IV.—*Liquidation of Companies.*

Art. 123. Where a company is dissolved for other than bankruptcy, its affairs will be wound up as laid down in the following articles:—

Art. 124. In collective and limited partnership companies, responsibility for liquidation rests with the director or directors, except where guarantor partners appoint liquidators from themselves or from outside. Where guarantor partners fail to agree on the appointment of special persons to liquidate the company's affairs, the commercial court will appoint them. Where persons other than company directors are appointed liquidators, the fact will be registered in the Department of Registration of Documents and advertised.

Art. 125. In the case of limited partnership companies, shareholders may appoint one or more persons to supervise liquidation proceedings.

Art. 126. It is the duty of liquidators to close up the company's current business, meet its obligations, realise debts and distribute the assets in accordance with articles 127, 128, 129 and 130.

Art. 127. Liquidators may undertake any new business necessary to fulfil the company's obligations.

Art. 128. Liquidators may represent the company in court, either in person or by counsel, but have no right to compromise or submit to arbitration without special permission from the guarantor partners.

Art. 129. Any of the company's assets not required during the period of liquidation will be divided temporarily among partners, but liquidators will set aside a sum sufficient to cover amounts outstanding or amounts in dispute between partners in their accounts.

Art. 130. Liquidators will determine the profit and loss in the accounts of partners, both collectively and individually. In cases of dispute as to distribution, the matter will be referred to the commercial court for settlement.

Art. 131. In limited liability companies the directors of a company are responsible for liquidating its affairs unless laid down to the contrary by statutes or by a majority vote of the general meeting.

Art. 132. In limited liability companies the duties and powers of liquidators are as detailed in articles 126, 127 and 128. The right to compromise or submit to

arbitration may only be exercised by liquidators of limited liability companies where authority to do so is specially given in the statutes or by a general meeting.

Art. 133. In the case of a limited liability company the assets may not be distributed to shareholders, during or after liquidation, until notice has been given three times in the newspapers, and until after one year from date of the first notice.

Art. 134. Where liquidators fail to comply with the provisions of the previous article, they will be held liable in damages for any sums not paid to creditors.

Art. 135. The books of all companies dissolved will be preserved for fifteen years from completion of liquidation in a specially appointed place, under the supervision of the Director of the Department for Registration of Documents.

Art. 136. Any company may prescribe other means of liquidation in their statutes provided they do not conflict with articles 126, 127, 130, 133, 134, 135, and the latter part of article 129.

Chapter V.—*Miscellaneous.*

Art. 137. After a lapse of five years from termination or dissolution of a company, no case concerning the transactions of such company will be heard against partners, or their heirs, in a court of law.

Art. 138. Limited liability, collective, and limited partnership companies are classed as commercial companies and subject as such to commercial law, custom and practice, whether their transactions or operations are commercial or not.

Art. 139. Where permitted by the articles of association, or by resolution of a general meeting, under the statutes, all commercial companies may deal in mortgages on immovable property. Such transactions will be registered in the Department for Registration of Documents.

Art. 140. In the case of a company having bonds or debentures, redeemable by drawings under the company's statutes, or as decided by general meeting, where interest due on them has been paid previous to redemption, the company may not refund such interest at the time of redemption.

Art. 141. All companies formed in Persia are subject to Persian law, and their head office must be in Persia.

End of Act: Endorsement.

Whereas under the Act of the 10th Aghrab, 1303 (2nd November, 1924)—

"The Minister of Justice is authorised—

"To enforce all Judicial Bills already submitted, or about to be submitted, by him to the 5th Majlis;

"After approval by the Judicial Commission of the Majlis, and experience of their working in practice, to remedy any defects in practice and resubmit a second time for approval by the Majlis."

Wherefore, the first section of the Commercial Act, consisting of 141 articles, which has been approved by the Judicial Commission of the Majlis, will be enforced.

MOTAMEN-OL-MOLK.

Speaker of the House.

25 Dalc, 1303 (14th February, 1925).

The original of the Act is filed in the Prime Minister's cabinet.

REZA, *Prime Minister.*

Corrections.

In all previous articles—

1. For "collective companies" please read "guarantee associations," this being considered a better equivalent for (Sherkat Zamanati).
2. For "original centre" of a company, in all places please read "head office."
3. For "joint-stock companies," please read "limited partnership companies."

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Enclosure 3 in No. 166.

Note verbale.

LA Légation royale d'Italie a l'honneur d'accuser réception de la note verbale en date du 4 Kherdad 1304 (25 mai 1925), par laquelle le Ministère impérial des Affaires étrangères a bien voulu lui transmettre le texte du nouveau Code de Droit commercial.

La Légation royale d'Italie doit, toutefois, se réserver d'en prendre acte jusqu'au moment où elle aura pu examiner le texte, qu'on est en train de traduire.

Téhéran, le 28 mai 1925.

Enclosure 4 in No. 166.

*M. Bonzon to Sir P. Loraine.**Légation française.**Téhéran, le 31 mai 1925.*

M. le Ministre et cher Collègue,

VOTRE lettre du 30 de ce mois n'a été remise que très tardivement hier soir.

Je tiens d'abord à vous exprimer le regret de ne pouvoir assister à la réunion de demain, ayant déjà disposé de mon après-midi. Je ne vous dissimule pas que j'estime, quant à moi, devoir me borner à accuser réception au Ministère des Affaires étrangères de la communication relative à l'adoption d'un Code commercial.

Désireux de ne discuter que sur un texte dont la traduction ne puisse être sujette à des divergences d'interprétation, je viens de demander au Gouvernement persan l'envoi d'une traduction officielle du Code de Commerce, que je m'empresserai de communiquer à mon Gouvernement.

D'une façon générale, il me semble que les commerçants français auront plus de garanties dans leurs relations avec les commerçants persans s'ils peuvent appuyer leurs réclamations sur une loi commerciale connue. Il me paraît que l'élaboration par le Gouvernement persan d'un Code de Commerce est inspirée par un désir évident de progrès qui ne doit pas nous laisser indifférents.

Veuillez, &c.,

L. BONZON.

Enclosure 5 in No. 166.

Translation of Memorandum from His Majesty's Legation to Persian Ministry for Foreign Affairs, dated June 6, 1925.

HIS Britannic Majesty's Legation has the honour to acknowledge the receipt of the memorandum No. 2291, dated the 4th Khurdad, 1304 (25th May, 1925), by which the Imperial Ministry for Foreign Affairs was good enough to communicate copy of the Commercial Law which is to be put into force in accordance with the law of the 10th Aghrab, 1303.

The memorandum does not expressly state whether it is intended that this Commercial Law is to be applied by the tribunal of the Ministry for Foreign Affairs to cases concerning British subjects, and His Majesty's Legation would therefore be much obliged if the Imperial Ministry would kindly state whether that is so, and, if so, from what date it is intended to apply the law.

The Imperial Ministry will no doubt readily understand that His Majesty's Legation must reserve any expression of opinion on this subject until there has been ample time for a thorough examination of the law, and that such examination will be difficult, if not impossible, without an authoritative translation of the text. The Legation would therefore be extremely grateful if the Imperial Ministry would be so good as to furnish it with an official French translation as soon as possible.

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[E 3704/89/34]

No. 167.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 310. Secret.)

Sir,

Tehran, June 6, 1925.

I HAVE the honour to transmit herewith copy of a despatch from the military attaché on the subject of the Turkoman situation.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 167.

Major Fraser to Sir P. Loraine.

(Secret.)

Sir,

Tehran, June 6, 1925.

IN continuation of my despatch of the 22nd May, I have the honour to report that there has been since then little change in the Turkoman situation. The raiding of villages in the Province of Astarabad has been continued with little opposition from Government troops, who are too weak to take effective action, and a new series of attacks on Bujnurd began about the 24th and continued up to the 31st; the General Staff admit that some outposts were obliged to fall back, but they now show little anxiety regarding the safety of the town.

2. The regiment of infantry, which in my previous despatch was reported to be on its way as reinforcements, has left Tehran, but whether for Astarabad or Meshed was not known. They expected to receive further orders at Shahrud; 500 cavalry and some munitions have also left Tehran. In spite of these movements there is a lack of definite evidence that the Persian Government have definitely determined to establish in an unmistakable way their control over the tribes.

3. The strength of the Turkomans is still in the east, but it still appears possible that the main advance of the Persian Government troops, if decisive operations are decided upon, will be made from Astarabad. Reinforcements have already been sent there from Resht, but not more than one battalion, according to available information.

There is no further information regarding the arrival of regular army units from South-West Persia.

4. A memorandum of the 20th May from the British military attaché at Meshed, addressed to the Chief of the General Staff, India, on the Turkoman situation as seen from his angle, forms an enclosure to this despatch.

I have, &c.

W. A. K. FRASER,

Military Attaché.

Enclosure 2 in No. 167.

Major Thompson to the Chief of the General Staff, Simla.

Sir,

Meshed, May 20, 1925.

I HAVE the honour to forward an account of the siege of Bujnurd and full details concerning the Turkoman situation which will amplify the brief particulars already telegraphed to you since the 10th May, 1925.

I have, &c.

D. THOMPSON,

Military Attaché, Meshed.

Bujnurd Operations, May 5 to 19, 1925.

1. Will you kindly refer to my memorandum, dated the 6th April, 1925, which outlined the Turkoman situation at that period, and which showed the position to be very unsatisfactory from the Central Government's point of view. I interviewed the General Officer Commanding on the 7th April, the day before my departure to Tehran, and he confirmed the information contained in my memorandum.

2. Paragraph 5 (c) of this memorandum showed that the Turkomans were collecting at Nardin, Jajarm and Gumbad-i-Kabus, and it appears that this was a preliminary step before the concentration at Bujnurd.

3. Towards the end of April it became apparent that Bujnurd was being threatened, and more troops were despatched to reinforce the garrison. Sowars were also locally raised in Kuchan district.

The situation rapidly developed, and Bujnurd was first attacked on the 5th May by a force of Turkomans—mostly Guklans.

4. The Turkomans continued to make desultory attacks on Bujnurd, but on the 7th and 8th May did not, as was their previous custom, retire far from the town. Meanwhile reinforcements, consisting of three regiments, were despatched from Tehran, and two aeroplanes arrived at Meshed from Tehran on the 10th instant.

5. The following events since the 10th May (in chronological order) are recorded:—

May 10.—Turkomans retired 4 miles from Bujnurd at 4 P.M., but were still threatening.

May 11.—Turkomans renewed the attack on Bujnurd at 4 P.M., and captured a Government outpost, comprising thirty men with their rifles. Closing reports on this date showed that fighting continued and Turkomans were endeavouring to surround Bujnurd. Bujnurd from this date became isolated and telegraphic communication ceased.

Soviet were reported to be strengthening all Russo-Persian frontier posts.

May 12.—A successful aerial reconnaissance was carried out by the General Officer Commanding. Two aeroplanes left Meshed at 5 A.M. and made a successful landing at Shirwan. Flight over Bujnurd revealed Turkomans in occupation of all strategic positions in the vicinity of Bujnurd and well concealed. No trenches were noted, but several new sangars had been constructed by the Turkomans. A packet containing special instructions for the officer commanding troops was dropped in Bujnurd. The General Officer Commanding, owing to no telegraphic communication, could not state the exact position, but was convinced that Bujnurd was still surrounded.* Turkomans and Kurds joined hands, and stated to be heavily attacking town.

The General Officer Commanding stated that Turkomans were engaging Government troops in six different areas, e.g., Bujnurd, Sanghas, Jowain, Jajarm, Nardin and Astarabad.

Troops at Bujnurd were holding out well, and the General Officer Commanding was confident that they could resist Turkoman attacks till the arrival of reinforcements from Tehran.

Rumoured that Turkmenistan Yamuts had declared Jihad in support of Persian Turkomans, and also mentioned that Turkomans in vicinity of Bujnurd are carrying red banners.

May 13.—At the request of Bujnurd mullahs the Turkomans allowed the telegraph line to be worked for two hours. Communication revealed situation unchanged, but troops holding out well. Turkomans demanded that all Government troops should be withdrawn from Bujnurd, and self-government should be given to them on the lines of Soviet Russia's autonomous republic—Turkmenistan.

Lieutenant-Colonel Mohamed Husain Khan, staff officer, was killed in action on the 12th.

Note.—It has been reported, but no confirmation yet received, that Mohamed Husain was delivering a note to the Turkomans, on behalf of the Government, with regard to an armistice or truce, and that he was shot in the execution of this duty. Total casualties so far officially announced: Turkomans, 48 killed; Government troops, 21 killed. Wounded Turkomans

* The General Officer Commanding was convinced that the number of Turkomans surrounding Bujnurd did not exceed 3,000.

said to be many; Government troops, 12. The General Officer Commanding stated that two foreigners—nationality unknown—had been killed by Turkomans near Gumesh Tappeh. He enquired if the British had a branch of the Imperial Bank of Persia at this place, but was answered in the negative.

May 14.—Turkomans threatened Chinaran, 20 miles east of Bujnurd, and said to be in possession of the village. Troops have been ordered forward from Shirwan to occupy Chinaran in force. Troops, consisting of 300 infantry and 250 cavalry, ordered from Sanghas to march on Bujnurd in co-operation with troops already referred to at Shirwan.

The situation at Bujnurd remained unchanged all day, but Chinaran was occupied at 8 P.M. on the 14th, after stiff fighting. Heavy casualties on both sides were reported.

May 15.—Troops moving from Chinaran and Sanghas were in contact with Turkomans, but no information of a confirmed nature reached Meshed. These troops were ordered to endeavour to relieve Bujnurd by the 17th. Reinforcements from Tehran reached Shahrud. Destination was said to be Astarabad area. Other troops from Tehran in cars are continuing the journey to Meshed, but some will be detached at Maiamai and Sabzawar.

May 16.—The only news conveyed by the General Officer Commanding was to the effect that an important Turkoman chief had been captured by the troops advancing on Bujnurd. These troops were last reported to have succeeded in reaching within 2 miles of Bujnurd. They were expected to relieve Bujnurd garrison on the 17th.

May 17.—Authentic news was received that the heaviest fighting since the siege commenced occurred on the 16th. Severe fighting for fourteen hours occurred, and again casualties are said to have been heavy on both sides. The struggle for the relief of Bujnurd continued the whole of the 17th.

May 18.—Successful bombing was carried out at 8 A.M. on the morning of the 18th. Severe casualties are said officially to have been inflicted on the Turkomans, especially in one instance when a large number of them were taking cover in a fort adjacent to Bujnurd. Later in the day the Turkomans retired, and Bujnurd was relieved after a siege lasting practically twelve days.

It is yet too early to give any idea as to the accurate number of casualties, as no reports have been received from Bujnurd since the 13th May, but it is understood that four officers have been killed. Further details will be submitted when received.

6. It is now necessary to refer to Turkoman situation generally and to the circumstances which are said to be attributed to the Turkoman rising.

The two chief points in this connection are—

- (1.) Soviet intrigue.
- (2.) Intrigue by the Serdar of Bujnurd (Serdar Muazzaz).

(1.) *Soviet Intrigue.*

For months past it has been reported that the Soviet were busily engaged in propaganda amongst the Turkomans, and that this propaganda was directed to undermine the authority of the Central Government over the Turkomans, and thereby create an independent tribal area.

Besides this, arms, ammunition, and even money, is said to have reached the Turkomans from Russia, and in this connection the Persian authorities in this province have established proof that 800 rifles and 200,000 rounds of rifle ammunition were delivered to the Turkomans from Russia during April. The ammunition is said to be Turkish make and the rifles new 5-line Russian. The chief intriguer amongst the Turkomans working on behalf of the Soviet, as previously reported, was one Khan Yamutski. This individual died in the Turkoman country some two months ago. However, the following individuals are reliably reported to have been with the Turkomans as professional intriguers:—

Turks—

- (1.) Ali Reza [?] Effendi.
- (2.) Vehbah-din-Pasha.

- (3.) Kasim Effendi.
- (4.) Jalal-ud-din.
- (5.) Azim.

Russians—

- (1.) Kuchkenskii.
- (2.) Denisov.
- (3.) Lebrov (or similar sounding name).

The Turks are said to be some of the late Enver Pasha's followers *ex* Bokhara, and it will be remembered (*vide* my memorandum dated the 31st October, 1923) that Ali Reza, with thirteen others, left Meshed *en route* Gumeshtappeh on the 30th October, 1923. It is possible that the other four individuals have since changed their names, as they cannot be identified.

It is possible that they are in the Turkoman country for the purpose of promoting emancipation for the Turki-speaking races, this movement being analogous to that of the Soviet autonomous republican policy.

The Russians were certainly not in the Turkoman country on a pleasure trip.

Denisov is not the same Colonel Denisov of Meshed who recently fled to Turkistan.

Persian officials here are undivided in opinion regarding Soviet intrigue amongst the Turkomans—their autonomous programme for the Turkoman country, the question of supplies of munitions and money, &c.—and state emphatically that the present Turkoman rebellious situation was inspired by the Soviet.

A report, which requires confirmation, shows that some ammunition which fell into Government hands is of very recent manufacture and Russian made. This report should meanwhile be accepted with reserve.

It will be remembered that a Turkoman deputation was reported to have proceeded about three months ago to Tashkent in order to confer with the Soviet authorities on the question of the Soviet to appeal to the Persian Government regarding the granting of autonomy in the Turkoman country. At the time it was mentioned that this deputation had been organised by the Soviet themselves.

The mere fact that the Turkomans during the present operations made a demand for the withdrawal of Government troops from Bujnurd and requested that self-government should be granted to them on the same lines as given to Mahometans in Soviet Turkistan (*vide* item under the 13th May of this report) indicates that the Soviet finger was in the pie. Further details are certain to come to light as soon as the prisoner Turkoman chief and certain other Turkomans who have been captured have been interrogated.

(2.) *Serdar Muazzaz.*

The General Officer Commanding has definitely established, both from intercepted correspondence from the Serdar to certain Turkoman chiefs and chiefly from the Serdar's own confession, that he was guilty of seriously intriguing with the Turkomans against the Central Government. To show, however, that the Soviet are not altogether responsible for the Turkoman rebellion, it may be mentioned that the Serdar has four wives, one of whom is a Guklani.

A reliable informant states that after the rearrest of her husband she fled to her relatives and urged them to seize Bujnurd and demand the release of the Serdar. She is credited with having worked up the Turkomans into a fury by stating that the Serdar was being slowly tortured to death. It can, of course, be accepted that the Sha Dillu Kurds took up arms with the Turkomans in the Serdar's cause.

7. The three Turkoman leaders chiefly responsible for the rising are Durdi Khan, Kisir Amin and Jan Mohammed Khan, while the principal Sha Dilluis are Murad Khan and Kerbalai Ali.

8. Colonel Bakar Agha is in command of Bujnurd area, and is assisted by the Chief of Staff, Eastern Division, Colonel Iraj Khan.

[E 3705/84/34]

No. 168.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 23.)

(No. 311.)

Sir,

Tehran, June 6, 1925.

IN my despatch No. 5, dated the 9th January last, I had the honour to transmit to you the translation of a private Bill laid before the Majlis at the instigation of the so-called Railway Commission of the Persian Nationalist party, with a view to obtain sufficient funds for railway construction from a Government monopoly of the importation of sugar and tea.

At the same time, the Persian Government was considering the advisability of adopting a new surtax of 2 krans per batman on sugar, supplemented, perhaps, by another on tea, to be appropriated to the execution of a plan for the building of metalled roads throughout Persia and to take the place of Navaghel. This proposal of the Government I discussed at length in my despatch No. 31, dated the 29th January, 1925, pointing out what advantages might, in my opinion, accrue to British trade were this project put into execution, and requesting His Majesty's Government to give me a ruling in the matter of the principles involved.

Subsequently, the Persian Government abandoned the idea of a customs surtax, however, and made that of a monopoly their own. The private members Bill was therefore withdrawn, and the Government submitted their modified Bill for a sugar and tea monopoly to the Majlis on the 20th April. The text of this Bill forms the first enclosure to this despatch.

When comparing the two texts, the main divergencies, as outlined in my telegram No. 126 of the 20th May, will be found to be the following:—

1. That the Government makes no mention of a German Railway Mission, as stipulated in article 5 of the private Bill.
2. That article 4 of the latter reads: "The revenues of this trade and monopoly is to be spent solely for the construction of railways," whereas article 9b of the Government Bill says "whether rail or road."
3. That article 4 of the private Bill provides for the sale by Government of stocks reaching Persia after the enactment of the Bill, the price being refunded to the consignee as per bill of lading, if the Government chooses to forbid the importation of such stocks; while article 13 of the Government Bill grants a period of grace of fifteen days, to date from the passing of the Act, during which stocks cleared through the customs escape the monopoly surcharges. Moreover, article 7 of the same Bill exempts all sugar and tea in Persia at the time of ratification, and all sugar and tea purchased or ordered abroad for import into Persia previous to the passing of the Act, or shipped to Persia within fifteen days from the passing of the Act.

In my despatch No. 5, dated the 9th January, to which reference has already been made in my telegram No. 126 of the 20th May, I examined the question of the principle at stake, that is, if the Persian Government's right to enforce such a monopoly is compatible with the Anglo-Persian Commercial Agreement, and I have not received any expression of opinion by His Majesty's Government contrary to that view. I may therefore be permitted to discuss the application of that monopoly and its probable repercussions on British trade with the Persian Empire.

The rumours of the Government's intentions, which reached British trading centres interested, seemed to have caused serious perturbation in those circles, as far as can be judged from the telegrams received by me from His Majesty's High Commissioner at Bagdad, from His Majesty's consular officers in various parts of the country and from the Indian or Iraki trading communities in Duzdap, Bander Abbas and Kermanshah. Those telegrams revealed the chief causes of anxiety, based as they were mostly on the assumption that the Persian Government would strictly operate the monopoly itself, to be as follows:—

1. That consignments of tea and sugar would be shipped to Mohammerah in lieu of Basra, to the detriment of Irak's transit trade and of the profits reaped by Iraki middlemen.

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- 2.—(a.) That the revocation of contracts by the Persian trader might injure the British exporter or middleman.
 (b.) That British firms might not have the opportunity of revoking contracts which by the imposition of the monopoly surcharges might injure their interests.

The assumption mentioned above being a false one, the objection 1 falls to the ground. The Persian Government has no intention of working the monopoly as such for some time, one of the financial advisers in conversation with a member of my staff admitting frankly that there was no machinery available for the purpose, and that the Government would be risking enormous losses in return for the vague chance of making a small profit, as was sufficiently exemplified during the war by American and British experiments at nationalisation of industry. This machinery may, however, be created in time, and the financial adviser referred to, Colonel MacCormack, said that an attempt would certainly be made at nationalising the trade in sugar and tea, if after a year it was found that the Government were experiencing any difficulties, viz., from Russian-vested interests backed by pressure from the Soviet authorities. As it is, import licences will be issued freely, and trade will presumably continue to flow in its normal channels.

A strict working of the monopoly at the present time would unavoidably entail a wholesale repudiation of contracts with ensuing disorganisation of trade and distress, but, as has been shown, the enforcement of the monopoly is not to take place immediately, and the principle of the law cannot be alleged as constituting a case of *force majeure*, entitling one of the contracting parties in equity to repudiate his contract.

The fact was not overlooked, however, that there might be cases in which British traders might find it necessary to cancel a contract:—

1. In the case of non-acceptance of goods by the Persian merchant.
2. In the case of forward sales, or contracts to supply, at the price current say, two months before the ratification of the law, stocks of sugar and tea on which the British trader (who in this case must be the consignee established in Persia) has had to pay the monopoly charges before clearance through customs.

In regard to 1, it was thought that such refusals, and in this my opinion coincided with that of the American advisers and the Director-General of Customs whom I consulted, would occur but seldom in view of the rise in prices, which started before ratification, giving handsome profits to holders of stocks, and which would, it was felt, rise sufficiently to cover more than the added monopoly charges. The price of tea, standing as it does to-day at 46-55 krans to the batman according to quality, whereas the normal figure was 40-49 krans, has in effect risen sufficiently to cover the monopoly charge of six krans per batman, even if it has not passed that figure as was expected, owing to the interest exacted on the capital used for financing wholesale transactions. Sugar, on the other hand, has fallen from 12½ to 13 krans per batman of loaf to 11-12 krans (in the case of granulated) and from 10½ to 11 krans to 10 to 10½ krans per batman. This can be easily explained. Except for one big consignment of 3,000 cases, shipped to the order of a Persian merchant from India, the customs report no heavy speculation in tea, whereas, speculators in sugar, notably Iraqi traders in Kermanshah, and particularly the Russian companies and their agents, among whom the notorious Muin-ut-Tujjar, have plunged very deeply. I have been told confidentially that the Russians have consigned 1 million poods of sugar from Baku to the Persian Caspian ports, while 130 waggon-loads were reported a few days ago to be in Russian Julfa and thirty more in Persian Julfa, so that the losses incurred must be considerable.

This dumping, besides having had the effect of reducing the price of sugar to the benefit of the consumer who was designed to bear the burden of the monopoly charges, will also enable the Persian Government to raise revenue more rapidly than was expected. In this connection news has reached me that the Russians in Enzeli are refusing to pay the monopoly charges on the enormous shipments of sugar they have made pending advice from their Legation in Tehran. Orders have been sent to Enzeli to confiscate all consignments on which the monopoly charges have not been paid. I will touch later upon the aspect of the inevitable trial of strength that has arisen between the Soviet authorities and the Persian Government. But

unfortunately the legitimate trader will be hit in that he will be unable to find a market for his goods till such time as the surplus stocks that have flooded the market have been liquidated, and 1 million poods of sugar represent an average supply for approximately four months. The nefarious consequences of speculation could be foreseen, however, and I begged leave to say in my telegram No. 131 of the 28th May to express the opinion that "the only danger to existing contracts arises from the consequences of speculation."

Before attempting to outline the danger arising under 2, I wish to give the reasons for the attitude which, in the absence of definite instructions from His Majesty's Government, I adopted *vis-à-vis* the Persian Government in relation to the Monopoly Bill.

The question of principle I left to His Majesty's Government to decide, and in subsequent correspondence with the Prime Minister, and in conversations I made it quite clear that in this regard I must maintain an attitude of reserve. But in practice I came to the considered conclusion that any disadvantages such as disruption in trade that might ensue from the ratification of the project which need only be temporary and could certainly be minimised with a Persian Government ready to consider favourably my representations aiming at its mitigation, would be far outweighed by the eventual advantages which British trade with this country would gain were Persia to be endowed with more adequate communications. Even had this not been the case, it is doubtful whether intervention would have served any useful purpose; I was not able to see in the treaties any clear ground for objecting to a monopoly law, and opposition levelled at a scheme of financial reform towards an end on which the country has set its heart could not have failed to affect our friendly relations with the Persian Government and people at a time when both are gradually learning to appreciate our good intentions towards them. Moreover, it was obvious from the first that the Soviet Legation was exerting great pressure on the Persian Government and the Majlis to lengthen the period of exemption in order to abet the operations of the Russian speculators, corruption on an extensive scale being resorted to, and it became equally obvious that the Government, conscious as they were of popular support, were equally determined to make a stand against this unfair pressure. It appeared to me, therefore, both from the economic and from the political point of view, advisable to give the Persian Government unofficially what moral support it lay in my power to afford, all the more so because an expression of friendly feelings would put me in a better position to safeguard legitimate British interests than an attitude of opposition, virtually in association with the Russians and quite probably fruitless could ever hope to do. I believe that subsequent events have confirmed this assumption.

I instructed the acting secretary in charge of commercial affairs to call upon Colonel MacCormack, who it was evident had drafted the Bill and was acting as its sponsor, in order to put before him the case of legitimate British trade and to obtain from him, if possible, some sort of guarantee that the interests of that trade would be safeguarded, such a guarantee being totally absent from the text of the Bill itself. The chief question of interest was that of the period of grace mentioned in article 7 of the Bill, for an extension of which both Russian and British interests were clamouring. From the arguments put forward by Colonel MacCormack it became clear that the longer this period was the more opportunity it would give speculators to dump sugar and tea in the country before the execution of the law to the damage of the legitimate trader and the total ruin of the small merchant; in other words, the greater and the more protracted would be the disorganisation of trade (see my telegram No. 131).

Another point raised by Mr. Lingeman was that of forward sales to which I have already referred, and in a subsequent interview the following formula was evolved: "Merchants who have large existing stocks or who have placed orders abroad to fill contracts made by them to sell at rates existing before the passage of the law would be protected by a provision that 'Monopoly charges may be added to the price at which sales were contracted prior to the passage of the law.'" This provision was submitted by Colonel MacCormack to the Finance Commission to be numbered among the regulations to be framed for the execution of the law.

It will be seen from the enclosed copy of the regulations issued to financial agents, which was supplied confidentially by Colonel MacCormack to Mr. Lingeman (Enclosure 4), that the essence of that proposal is contained in article 6 of these regulations.

When I was satisfied that everything would be done to ensure that the purchaser, and not the trade, would bear the burden of the monopoly charges—though in practice, owing to the fall in the price of sugar resulting from speculation, a certain amount of loss will necessarily be borne by the legitimate trader, but only a little, owing to the fact that contracts and forward sales are very little resorted to in this country—I deemed it advisable to tell the Prime Minister of my sympathy with his schemes of financial reform, and at the same time suggested that a clause should be inserted in the Bill to enable consignee and middleman in the case of goods ordered and delivered at the normal price to add the monopoly charges to the invoice price. The private correspondence that took place between his Highness and myself, copy of which is transmitted to you herewith (Enclosures 2 and 3), shows in what friendly spirit my suggestion was received and with what thankfulness my expression of sympathy, and I have heard from several reliable sources that the British attitude thus defined has produced a most excellent impression among the Persians and has achieved its subsidiary object of strengthening the hands of the Persian Government in resisting the Russian pressure.

As a result of my letter, the Prime Minister sent the president of the Foreign Office Tribunal to enquire of me what my wishes exactly were in the matter, and it was probably largely owing to that interview that a stipulation inserted in clause VII, to the effect that stocks of 250 batmans of sugar and 25 batmans of tea in the country at the time of enactment should be exempt, was withdrawn. This clause, which I reported in my telegram No. 151, replaced that in the original draft of the Bill, that: "All sugar and tea now in Persia . . . is excluded from the terms of this Act." This new clause, originally designed to protect the small retailer, allowed the speculator to dispose quickly of his stocks, and as such formed a danger the evasion of which must be welcomed.

The Bill was finally approved by the Majlis on the 30th May, the Opposition, in spite of being heavily bribed by the Russians, being apparently cowed by the Prime Minister's determination to see it through. The chief amendments, as the enclosed copy will show (Enclosure 4), are as follows:—

Article 2.—Articles made of sugar are included within the provisions of the article.

Article 4.—Locally-grown tea is exempt. The penalty for contravention has been reduced.

Article 6 carries a clause allowing merchants, the issue of whose import permits has been delayed, to import their goods on deposit of the monopoly charges at the frontier. This is a sufficient indication that the Government has no intention of operating the monopoly for some time, the right to refuse permission to import being retained in case the Government is forced to control the trade strictly, if faced with the serious opposition that it half expects from the Russian quarter.

Article 7, which from the first has been the real bone of contention between the opposing factions, makes this Bill retroactive in effect to the 12th May and exempts neither stocks in hand after the 11th May nor *bond fide* consignments arriving in the country after that date under the conditions laid down in the draft law originally submitted to the Majlis (Enclosure 1). I have reason to know that the recent announcement by the Chancellor of the Exchequer that, in the event of excessive foreign dumping, His Majesty's Government would seek power to make the re-institution of the McKenna duties retroactive, to a great extent inspired the solution reached on the point by the Persian legislators.

Article 9 (*b*) stipulates that the extra revenue obtained will, after certain deductions have been made, be used solely for the establishment of railways and railway facilities, while note 1 of the same article in the final text insists on the fact that this income will not be used on metalled roads.

This alteration is significant of the determination of the nation to have a railway which has become the symbol of civilisation and progress in the people's eyes. Colonel MacCormack informed Mr. Lingeman confidentially, however, that this clause will have to go, as the financial advisers were of the opinion that not much good could be done by building a railway before the country has been opened out by a network of metalled roads.

With reference to the regulations for the enforcement of the law (Enclosure 5), it should be pointed out that regulation 5 (*b*) will only be applied to fairly large stocks, and the search will be given up once it is found that stocks have reached the retailers' hands.

Regulation 6 will apply particularly to forward sales.

Regulation 7 was devised in order to be able to check contraband.

Regulation 8 covers credit transactions.

Regulation 9 affords facilities of payment.

It is estimated that the annual revenue from this monopoly will be approximately 4 million tomans, or sufficient to build 80 miles of standard railway every year, but it still remains to be seen whether this money will not be spent—and this is much more probable—on the more rapid construction of light railways.

The whole matter has been put through so rapidly, and the changes in the situation which have occurred from day to day have been so bewildering, that it has not been possible to do more than keep you informed, as I have done by telegraph, of the main features.

In the circumstances, I trust that the action and general attitude which I took may meet with your approval.

In conclusion, I beg leave to draw your attention to the valuable assistance which has been rendered to me in dealing with this difficult and intricate matter by Mr. Lingeman. The confidence which Mr. Lingeman inspired in Colonel MacCormack has been most useful in enabling me to reach a solution of the difficulties with which we were confronted.

I have, &c.

PERCY LORAINÉ.

Enclosure 1 in No. 168.

A Project for "The Sugar and Tea Monopoly" submitted to the Majlis on April 20, 1925.

Article 1. The sale, purchase, transport and export of all sugar and tea imported into Persia is declared a monopoly of the Government. This monopoly will be called "The Government Sugar and Tea Monopoly."

Art. 2. With effect from the date from which this Act comes into force, the import, purchase, retention, storing, transport and export of sugar and tea throughout Persia, except by the administration established for "The Government Sugar and Tea Monopoly," is prohibited without sanction of the Ministry of Finance.

Art. 3. The administration of "The Government Sugar and Tea Monopoly" at time of sale will increase the amount of cost of importation by 2 kran for every 640 miscals (1 batman of 6½ lb.) of sugar, and 6 kran for every batman of tea.

Note.—The cost of importation is the sum total of expenditure, e.g., cost price, transport charges, customs duties, &c., but does not include administrative expenses detailed in article 11.

Art. 4. Any sugar or tea imported, purchased, retained, stored, transported or exported, contrary to the stipulations of article 2, will be confiscated by the Government. In addition to confiscation, a sum equal to the value of amount smuggled will be inflicted on the person smuggling and others helping him to break the law. If the value of sugar and tea smuggled cannot be decided, the fine in cash will not be less than 500 tomans. Where a Government employee is found guilty of such offence he will be dismissed from service for life and forfeit all rights to pay and pension.

Art. 5. All sugar and tea in transit through Persia to other countries is excluded from the provisions of this Act.

Art. 6. Government retains the right to refuse purchase of, and permission for, the import of sugar and tea shipped to Persia in excess to the country's requirements.

Art. 7. All sugar and tea now in Persia, all sugar and tea purchased or ordered abroad for import into Persia previous to the passing of this Act, or shipped to Persia within fifteen days from the passing of this Act, is excluded from the terms of this Act. To claim such exemption owners of sugar and tea must produce all requisite documents to prove that the order for or shipment of such goods complies with the condition laid down for exemption.

Art. 8. With effect from passing of this Act the existing customs duties and charges, together with any other laid down hereafter, will be collected on all sugar and tea imported into or exported out of Persia.

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Art. 9. All Government profits from the sugar and tea monopoly, less the amounts specified in articles 3 and 11, will be credited to a special account and form a special capital reserve. This capital will be spent only as under:—

- (a.) Firstly, all sums deposited by the Treasury-General in the capital account of "The Government Sugar and Tea Monopoly" as laid down in article 10 will be refunded to the Treasury-General.
- (b.) The balance remaining will be used solely for the establishment and improvement of transport facilities, whether rail or road.

Note.—A Bill for railway construction will be drafted and submitted to Majlis by Government.

Art. 10. The Majlis grants a credit of 1 million tomans to the Minister of Finance as capital for establishing "The Government Sugar and Tea Monopoly."

Art. 11. The expense of administration of "The Government Sugar and Tea Monopoly" shall not exceed 15 per cent. of net profit the first year, 10 per cent. the second year and 8 per cent. thereafter, and this credit is hereby sanctioned by Majlis for the Ministry of Finance.

Note.—Net profit includes all profit remaining after deduction of cost of importation as detailed in note to article 3.

Art. 12. Disputes and complaints connected with the working of this Act will be settled by commissions to be appointed. In such commissions there will be only one representative of "The Government Sugar and Tea Monopoly."

Art. 13. Within three months the Ministry of Finance will create the necessary machinery for execution of this Act hereafter. Within fifteen days of the passing of this Act, "The Government Sugar and Tea Monopoly" administration will collect 2 krans on every batman of sugar and 6 krans on every batman of tea not subject to the provisions of article 7 and give delivery of same to the owner.

Art. 14. The Ministry of Finance is charged with the execution of this Act.

Enclosure 2 in No. 168.

Sir P. Loraine to Serdar Sepah.

(Private.)

My dear Prime Minister,

Tehran, May 27, 1925.

I HAVE been following with great interest the various stages through which the Government Bill for a monopoly on sugar and tea has already passed, and I trust that your Highness's efforts to improve the fiscal situation of the country may be crowned with success. This will be of inestimable value to Persia if the additional revenue accruing from the enforcement of the monopoly is wisely spent on the betterment and improvement of the country's communications.

I have, however, one cause for anxiety which your Highness will certainly permit me to explain in a friendly manner. It appears to me that there is at present no protection for the merchant who will have sold stocks prior to the enactment of the law, and I venture to hope that steps will be taken to ensure that the monopoly surtax will in every case be a charge on the trader who eventually sells to the consumer. This guarantee would best be obtained perhaps by a clause laying down that the monopoly charges may be added to the invoice price of goods sold prior to the ratification of the law.

Not having yet received any instructions from my Government, I am not yet in a position to state any views which they may have found in regard to the principles of the Bill in its effects on British interests. I may, however, be permitted to express personally my sincere concurrence with the essence of the project and its proposed methods of application, which, in my opinion, do credit to the foresight and sense of justice of your Highness's Government, and I trust that the slight additional clause suggested above may be regarded as a useful improvement.

I will only add my genuine wishes for your Highness's success in securing the adoption of a measure beneficial to Persia and to Persia's relations with her friends.

PERCY LORAINÉ.

Enclosure 3 in No. 168.

Serdar Sepah to Sir P. Loraine

My dear Minister,

10th Khordad (May 31, 1925).

I HAVE read with the utmost pleasure your well-esteemed letter of the 6th Khordad (27th May) and I thank you for your expressions of friendship. My gratitude for your kindly sentiments and friendly feelings has been increased thereby. I hope that the sincere friendship which exists between us will only increase and that the kindly interest you take in furthering our good relations for the benefit of my country will ever continue.

I quite concur with your Excellency's views in connection with the clause which you proposed for insertion in the text of the Law. Although the Bill provides for this object, I was desirous that it should be distinctly inserted, but as the Bill was to be passed immediately and there might be some misunderstanding in the matter, insertion was not possible, but I assure you that the object in view will be observed in practice and that there need be no anxiety about it.

In conclusion, I renew to you my sincere thanks for your goodwill in the matter.

REZA.

Enclosure 4 in No. 168.

The Sugar and Tea Monopoly Act, passed by Majlis, 9th Khordad, 1304 (May 30, 1925).

Article 1. The purchase, sale and export of tea, sugar and sugar products imported into Persia is declared a monopoly of Government. The monopoly will be known as "The Government Sugar and Tea Monopoly," and is not transferable to any person, Government or company, whether Persian or foreign.

Art. 2. With effect from the passage of this Act, the purchase, retention, storing and export of tea, sugar and sugar products throughout Persia, otherwise than by "The Government Sugar and Tea Monopoly" administration, is prohibited, unless sanctioned by the Ministry of Finance. Such sanction will be given impartially and free of charge other than the extra charge specified in article 3.

Art. 3. "The Government Sugar and Tea Monopoly" administration, when selling, will add an extra charge of 2 krans per batman (640 misqals) of sugar and sugar products and 6 krans per batman of tea (640 misqals) over and above the cost imported.

Note.—The cost imported is the sum total of expenditure, e.g., cost price, transport charge, customs duty, &c., but excludes administrative expenses detailed in article 11.

Art. 4. All tea, sugar and sugar products imported, purchased, retained, stored or exported contrary to the terms of article 2, with the exception of home-grown tea, will be confiscated by Government. In addition to confiscation, the offenders and other party to the offence will be fined a sum equal to the value of the amount smuggled. Where the offenders or parties to the offence are Government employees, they will be dismissed from service for life in addition to the above punishments, and forfeit all rights to disposable salary and pension. Where responsible officials are proved to have shown partiality in the issue of permits and to have ignored the dates of applications, they will be sentenced to permanent dismissal from Government service.

Art. 5. All sugar and tea in transit through Persia to other countries is excluded from the provisions of this Act.

Art. 6. Government is empowered to refuse purchase of, and permission for, the import of sugar and tea shipped to Persia in excess of the country's requirements.

Note.—This article will not be enforced until practical effect is given to the enforcement of the monopoly, as provided for in article 13 of this Act, and so long as Government is content to issue import permits. In case the Ministry of Finance fail to issue a permit within five days of date of application, the applicant may pay to the officials of the Department of the Frontier the amount due to Government under article 3. The said officials will accept such amount and offer no hindrance to the import of goods appertaining to the monopoly administration.

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Art. 7. All tea, sugar and sugar products imported and cleared from customs before the 22nd Ordibehesht, 1304 (12th May, 1925) (the date of passage of this Act in the Commission on Financial Laws), are exempt from the charges specified in article 3 of this Act. Amounts imported since the 22nd Ordibehesht are liable to payment of the above charges.

Art. 8. The collection of monopoly charges under this Act will not affect the collection of customs duties and charges on tea, sugar and sugar products.

Art. 9. All income accruing to Government from the Sugar and Tea Monopoly will, after deduction of amounts mentioned in notes of articles 3 and 11, be credited to a special account as a special capital reserve. This capital will be spent for the following purposes only:—

- (a.) Firstly, all sums paid by the Treasury-General as capital for "The Government Sugar and Tea Monopoly," under the terms of article 10, will be refunded to the Treasury-General.
- (b.) The balance will be allocated solely for railway construction and necessities appertaining thereto. The expenditure of this money otherwise than railway constructions and works relating thereto, and the raising of a loan in Persia or abroad on the security of this money, is prohibited. The money received will be deposited in a special account with an accredited bank, provided such bank has given a previous undertaking to forfeit the right of appropriation for any other purposes. The Ministry of Finance will publish every six months, for the public information, an abstract of receipts and expenditures of the monopoly administration, together with a detailed bank statement of the account. Anyone offending against this article will be sentenced to from one to five years' imprisonment and will be deprived of all rights under the Civil Service Act.

Note 1.—The income referred to in paragraph (b) will not be under any circumstances spent for road construction.

Note 2.—Government will, as soon as possible, draft and submit to Majlis for approval a Bill for railway construction.

Art. 10. The Majlis grants a credit of 1,000,000 tomans to the Ministry of Finance as capital for "The Government Sugar and Tea Monopoly" administration.

Art. 11. An annual credit, equal to 8 per cent. of the net receipts, is allowed to the Ministry of Finance for administrative expenses of "The Government Sugar and Tea Monopoly" administration.

Note.—The net receipts is, the profit remaining after deduction of "the cost imported," referred to in article 3.

Art. 12. All disputes and complaints arising from the working of this Act, and to which the administration is a party, will be decided by administrative commissions formed in accordance with regulations. On such commissions one person only will represent "The Government Sugar and Tea Monopoly" administration.

Art. 13. The Ministry of Finance will, immediately after the passing of this Act, create machinery for its execution, and, in consultation with the "Finance Laws" Commission, will draft regulations for the enforcement of "The Government Sugar and Tea Monopoly." Until such time as practical means are created for the execution of the monopoly, and with effect from the date specified in article 7, 2 krans per batman of sugar and sugar products and 6 krans per batman of tea, imported into Persia or subject to the terms of article 7, and give delivery of same to the owner.

Art. 14. The Ministry of Finance is charged with the execution of this Act.

Enclosure 5 in No. 168.

Circular to all Financial Agents.

(Copy to all customs offices.)

1. ON the 9th Khordad the Majlis enacted law establishing monopoly on all kinds of sugar and tea. Text of law will shortly be communicated to you.

2. According to this law, beginning from after the 21st Ordibehesht a monopoly charge of 2 krans per batman of sugar and 6 krans per batman of tea will be collected. This has no connection with, and is in addition to, usual custom charges.

3. In case of sugar and tea which entered customs warehouses before the 22nd Ordibehesht, but had not paid the customs dues before that date, the monopoly fee will be collected.

4. The method of collection of monopoly fees is as follows:—

Beginning this date, the owner should submit declarations to the financial agency, stating the amount of sugar and tea he wished to import, paying the monopoly fees due thereon. The financial agency will issue import permits in four copies stating the quantity to be imported and the sum collected on account of monopoly fees. One copy will be forwarded to the customs which will clear the authorised quantity, second copy to owner, third to the administration of revenues, fourth to financial agency. Under the terms of articles 6 and 8 hereof, import permit may be issued without prior payment of monopoly charges. In such cases an extra copy of import permit will be made and forwarded to financial agency at which monopoly fees are to be paid.

5. The following covers sugar and tea cleared through customs after the 21st Ordibehesht up to time this instruction received:—

- (a.) Obtain from customs a list of all clearances of sugar and tea after the 21st Ordibehesht on which monopoly charges have not been paid and demand payment from importer.
- (b.) If they claim to have sold and delivered the quantity imported, verify their stock by actual inspection, and, in case the stock on hand is less than the quantity imported, after the 21st Ordibehesht, collect the monopoly charges on the quantity on hand and exempt them from the charges on the quantity they are actually short, claiming the charges on the balance from the purchaser.
- (c.) In case purchaser is in another province, telegraph the financial agency, will proceed as above.
- (d.) Financial agencies at interior points will not claim monopoly charges on existing stocks, except on advice from frontier point that stock was imported after the 21st Ordibehesht.

6. The monopoly charges on sugar and tea sold without addition of monopoly charges, but not delivered, before the receipt of this instruction will be claimed from the purchaser when the commodities are delivered to him.

7. Transportation of sugar and tea from the frontier to interior points will take place under transport permits in the same general manner as tobacco:—

- (a.) Pending receipt of special transport permits, tobacco permits will be used after crossing out the word tobacco wherever it appears and entering in its place either sugar or tea in red ink.
- (b.) The first copy will be given to the transporter, the second to the offices of destination and the third to the administration of revenues, Tehran. No transport permits will be given to any firm which has not paid or deposited guarantee as provided in article 11 for payment of monopoly charges due on sugar or tea cleared through customs after the 21st Ordibehesht.

8. In the case of reliable merchants who deposit sufficient guarantee the monopoly charges may be collected at destination. In this case the white transport permit will be used.

9. Violations of law punishable by confiscation of smuggled merchandise and fine equivalent to its value.

10. Revenues derived from the monopoly fees will be deposited to credit of Treasury-General, sugar and tea monopoly account.

11. In the case of merchants having large stocks cleared through customs after the 21st Ordibehesht, who are not in a position to immediately pay the monopoly charges on the entire quantity they have on hand, you may assist them as follows:—

- (a.) After verification of stocks take a guarantee note for the entire amount of monopoly charges due.
- (b.) Keep stocks under control until amount due has been paid.
- (c.) When merchant applies for authority to issue part of stock collected, monopoly charges on the quantity issued, plus 25 per cent., to apply on the quantity remaining in stock.
- (d.) Continue this until all monopoly charges due have been collected, when you will release control over his stock.

12. Financial and customs agencies must extend the utmost assistance and co-operation to each other in the execution of these instructions. In places where there is no financial agency, the customs offices will act for the financial agent of the province. In case any further information desired, telegraph immediately.

Acknowledge receipt of this instruction by wire. Your success in and execution without difficulty or friction will be carefully watched and duly appreciated.

Administrator General of the Finances.

[E 3402/89/34]

No. 169.

Mr. Austen Chamberlain to Sir P. Loraine (Tehran).

(No. 301. Confidential.)

Sir, *Foreign Office, June 24, 1925.*
I HAVE received your despatch No. 280, Confidential, of the 21st ultimo, on the subject of possible support for the Persian Government against Russian Soviet aggression.

2. I approve both the language which you held to the Persian Prime Minister when you discussed the situation with him and also the policy which you have defined in the last paragraph of your despatch.

I am, &c.

AUSTEN CHAMBERLAIN.

No. 170.

Sir P. Loraine (No. 55) to Government of India (Foreign Department).—Repeated to Foreign Office; Received June 25.)

(No. 169.)

(Telegraphic.)

Tehran, June 24, 1925.

YOUR telegram No. 781 S: Keyes's visit to Meshed.

I concur and am telegraphing to ask Prime Minister whether it suits him and to give necessary instructions to General Officer Commanding, Meshed.

It should, however, I think be clearly understood that Keyes's mission is to explain whole situation to general officer commanding, to aid him in every way in framing recommendations, which, on the one hand, are likely to protect our interests by assuring future safety of railway and British subjects and tranquillity of tribesmen; and, on the other, are likely to be acceptable to Persian Government. Presence of Hall, who should shortly be back in Meshed, ought to be of great assistance for this purpose.

I suggest, also, that Wickham, who well understands Persian point of view, should be associated with any conversations with general officer commanding.

In my view, however, it would be a mistake to regard this visit or treat it as an official negotiation with Persian Government. Final settlement can only be made here with Prime Minister when he returns, and it will be ten times easier if basis is recommendations made by General Officer Commanding, Meshed, after informal consultation with own officers. Care should also be taken not to put forward without due consideration any proposals altering existing *status quo*.

(Sent to Meshed, No. 46.)

No. 171.

Sir P. Loraine (No. 56) to Government of India (Foreign Department).—Repeated to Foreign Office; Received June 25.)

(No. 170.)

(Telegraphic.) R.

Tehran, June 25, 1925.

FOLLOWING from Tabriz:—

"I have communicated to Prime Minister your telegram. He agrees with proposal to send Colonel Keyes to Meshed as soon as possible, and will himself send necessary instructions to general officer commanding.

"His Highness leaves for Tehran to-morrow, via Ardebil and Resht."

(Repeated to Meshed, No. 47.)

No. 172.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 25.)

(No. 171.)

(Telegraphic.) R.

Tehran, June 25, 1925.

FOLLOWING from Tabriz, No. 18:—

"Prime Minister returned yesterday and I have just communicated your telegram.

"His Highness said that moment was past for discussion, as plenary conference was over. Persian delegates had offered to sign if freedom of Persian waters, as mentioned in clause 17, were recognised, but conference resumed next day without taking any notice of their tentative [group omitted] towards an agreement and they withdrew from conference.

"He had received another long telegram which he could not clearly understand, but from which he gathered that there might still be way to reopen question which he was only too ready to try to settle satisfactorily to all, and he hopes that on his arrival in Tehran in about nine days he will be able to arrange something there."

[E 3841/110/34]

No. 173.

Board of Trade to Foreign Office.—(Received June 29.)

Sir,

Board of Trade, June 27, 1925.

WITH reference to your letter of the 10th June, transmitting copy of a despatch from His Majesty's Minister at Tehran on the subject of railway construction in Persia, I am directed by the Board of Trade to state, for the information of Mr. Secretary Chamberlain, that they see no objection to the matter being mentioned confidentially to a representative of the Anglo-Persian Oil Company, nor, so far as they are concerned, do they see objection to co-operation in railway development in Persia between the Persian Railways Syndicate and the Standard Oil Company. They are, however, disposed to doubt whether the Anglo-Persian Oil Company would regard their interest in developing the oil resources of Northern Persia as sufficient inducement to participate in a large scheme of railway construction.

I am, &c.

J. J. WILLS.

No. 174.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 30.)

(No. 175.)

(Telegraphic.)

Tehran, June 29, 1925.

MY telegram No. 153A.

My despatch No. 332.

Latest proposal by Junkers includes line Tehran-Kasr-i-Shirin, and Persian Government, after consulting Kettaneh, who offered no objection, have apparently withdrawn their opposition to this addition, subject, however, to Majlis consent.

(Sent to India.)

No. 175.

Sir P. Loraine to Mr. Austen Chamberlain.—(Received June 30.)

(No. 177.)

(Telegraphic.) R.

Tehran, June 29, 1925.

PERSIAN Government believe, on the strength of Reuter telegram, that, towards the close of Geneva Arms Convention, American proposal was accepted whereby all signatories of convention had the option of right to exercise surveillance in maritime zones. Is this the case, and, if so, is it the position as regards Persia that Persian Government, by signing it, will acquire the right, and by not signing it, will forfeit it?